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**AMENDING THE CIVIL SERVICE RETIREMENT ACT
WITH RESPECT TO REEMPLOYMENT SERVICE**



**HEARING
BEFORE THE
COMMITTEE ON
POST OFFICE AND CIVIL SERVICE
HOUSE OF REPRESENTATIVES
EIGHTY-SIXTH CONGRESS
SECOND SESSION**

ON

H.R. 10503

(See S. 2857)

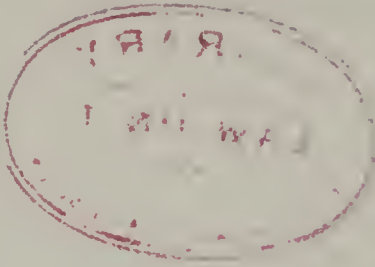
**A BILL TO AMEND THE CIVIL SERVICE RETIREMENT
ACT WITH RESPECT TO REEMPLOYMENT SERVICE**

JUNE 1, 1960

Printed for the use of the Committee on Post Office and Civil Service



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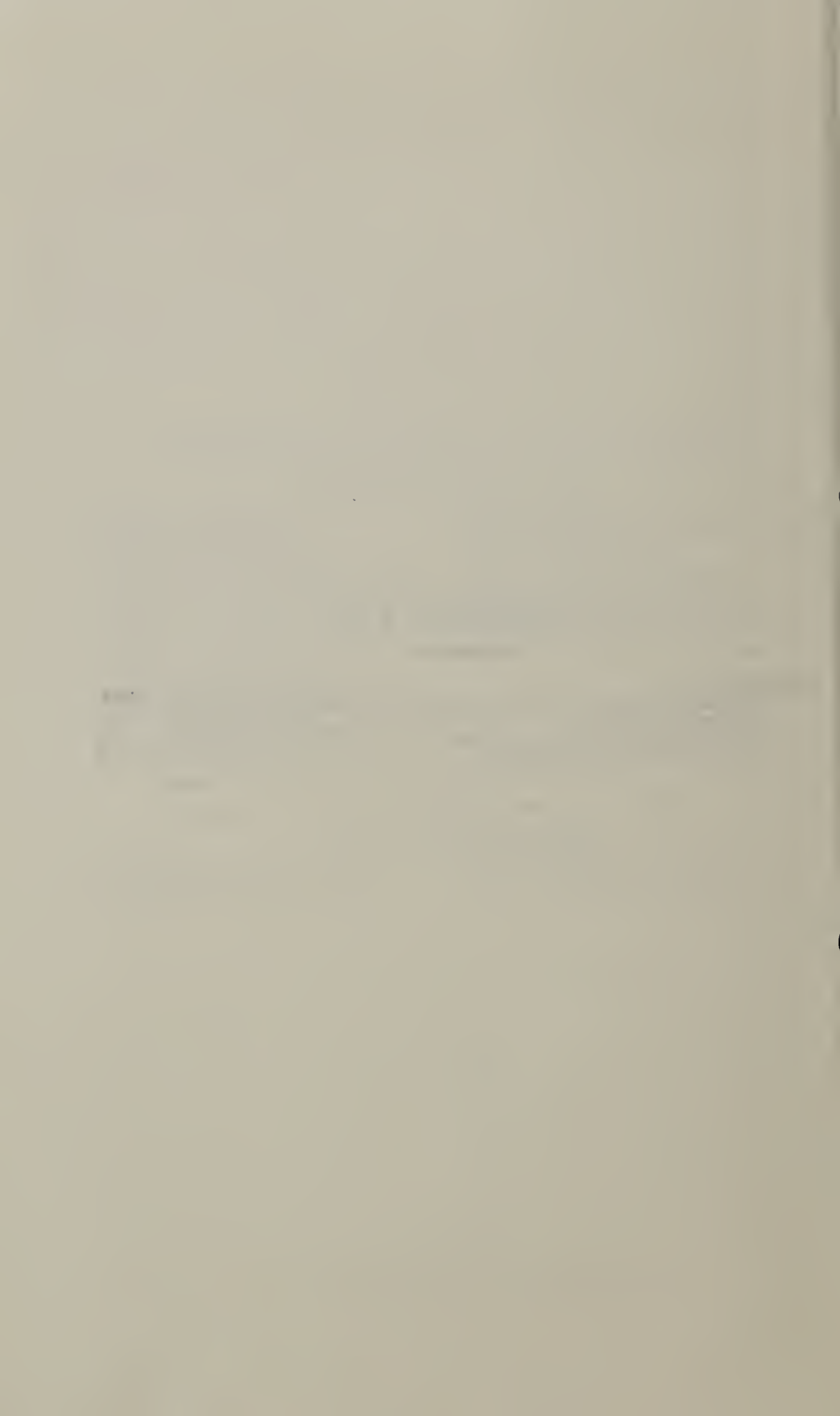
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AMENDING THE CIVIL SERVICE RETIREMENT ACT WITH RESPECT TO REEMPLOYMENT SERVICE

WEDNESDAY, JUNE 1, 1960

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met at 9:45 a.m. in room 215, House Office Building, Hon. James C. Davis (subcommittee chairman) presiding.

Mr. DAVIS. The subcommittee will come to order.

This subcommittee was appointed to consider H.R. 10503, a bill to amend the Civil Service Retirement Act with respect to reemployment service. The members of the subcommittee are Mr. Dulski and Mr. Cunningham, and I was designated chairman. The bill, H.R. 10503, will be placed in the record at this point.

(The bill follows:)

[H.R. 10503, 86th Cong., 2d sess.]

A BILL To amend the Civil Service Retirement Act with respect to reemployment service

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 13(b) of the Civil Service Retirement Act is amended by adding at the end thereof the following sentence: "Any such annuitant whose described employment continues for at least five years may elect, in lieu of the benefit authorized by the proviso herein, to have his rights redetermined under the provisions of this Act upon deposit in the fund of an amount computed under section 4(c) covering such employment."

Mr. DAVIS. This legislation amends the Civil Service Retirement Act provisions relating to reemployment of annuitants. Under the measure, an annuitant who is reemployed after retirement and serves at least 5 years would be able, upon deposit of the regular retirement contribution with interest, to have his entire annuity recomputed in accordance with the law which is in effect at the date of separation from the reemployment service. This will have the effect of providing such an annuitant a single annuity based upon all of his service—that is, his service before his first retirement combined with his reemployment service.

Under existing law (sec. 13(b) of the Civil Service Retirement Act) an employee who retires with annuity entitlement and then is reemployed must serve 1 or more years to obtain any retirement credit for his reemployed service and even after completing the 1 year may not add such reemployed service to his prior service for purposes of computing a single annuity. Instead, the reemployed service is treated as though it were original service and the reemployed annuitant earns a separate annuity on the basis of such service.

We will now hear a statement by Representative John L. McMillan, the author of H.R. 10503, after which the subcommittee will receive the testimony of representatives of the U.S. Civil Service Commission.

STATEMENT OF HON. JOHN L. McMILLAN, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF SOUTH CAROLINA

Mr. McMILLAN. Mr. Chairman and members of the subcommittee, I deeply appreciate this opportunity to appear before your committee this morning in behalf of my bill, H.R. 10503, to amend section 13(b) of the Civil Service Retirement Act.

Under existing law when a person retires of his own accord, should he thereafter be reappointed to a position in the Federal service he cannot surrender his retirement and be paid the full salary of the position to which he is appointed. Retirement deductions are not withheld from his salary and when his employment is terminated his annuity is not recomputed. Instead, the retirement he was drawing at the time of his reappointment into a Federal position is deducted from his salary and the difference between the two is paid to him by the employing agency. The effect of this procedure results in the Civil Service Commission paying from the retirement fund a substantial part of the employee's salary without receiving reimbursement from the employing agency.

The purpose of my bill, which is general in its nature, is to allow retirees reappointed in the Federal service on a full-time basis and who continue in such employment for not less than 5 years to have his retirement rights redetermined under the provisions of the Civil Service Act approved July 31, 1956, conditioned, however, upon his depositing with the Civil Service Commission an amount computed under section 4(c) covering such employment. In other words, to obtain a redetermination of retirement rights a retiree must deposit with the Civil Service Commission a sum of money equal to the deductions which would have been made from his salary had he never retired, plus interest at the rate fixed in the act.

To my mind this is a fair and meritorious bill and is deserving of your favorable consideration because, in the first place, a person appointed in Federal service at the age of 62, we will say, and who works for 5 years is eligible to an original retirement. Now, since original service I mentioned of 5 years carries retirement rights, then it is only fair, reasonable, and just to recognize the long and faithful service of the person who worked 30 or more years and retires, and then later obtains a reappointment and works in such reemployment status for not less than 5 years to have all his service counted and his whole retirement rights redetermined.

I am sure the cost of this amendment to the retirement system will be negligible, in fact it will cost no more than if the retiree had never retired but continued in employment and retires as of now because if his retirement rights are redetermined, in accordance with my bill, he will have to pay into the retirement fund the full amount of deductions provided by law, plus interest, for the 5 or more years of his reemployment.

I do not believe that many retirees will ever come back into Federal service and work 5 or more years after their original retirement; and for those who do and qualify under this bill they will, in many cases, be nearly 70 years of age, and therefore their life expectancy will be far less than those who retire and do not receive reappointments.

Those conscientious individuals interested in serving their Government who do come back to employment after retirement should be

rewarded for their faithfulness and loyalty by granting them the right of recomputation of retirement, as proposed by my bill.

I understand the Civil Service Commission has no objection to this measure, and therefore trust your committee will act favorably upon it.

Thank you.

Mr. DAVIS. Thank you, Mr. McMillan.

We will now hear from Mr. Andrew E. Ruddock, Director of the Bureau of Retirement and Insurance of the U.S. Civil Service Commission.

STATEMENT OF ANDREW E. RUDDOCK, DIRECTOR, BUREAU OF RETIREMENT AND INSURANCE, U.S. CIVIL SERVICE COMMISSION

Mr. RUDDOCK. I appreciate this opportunity to appear for the Commission and comment on H.R. 10503.

This is a bill which would permit recomputation of the annuity of a person who has been retired optionally and who has been a reemployed annuitant on a full-time basis for at least 5 years. The bill would require that at the completion of the reemployment the annuitant pay the equivalent of the 6½-percent deduction for the period of reemployed service.

The Commission has not reported on the bill since it was introduced, but in response to a request from the Honorable Tom Murray, the Commission on February 16, 1960, sent a letter in which it stated that the Commission would have no objection to the enactment of this bill. We were commenting on it in draft form.

I would like to ask that that letter be made a part of the record.

Mr. DAVIS. Without objection it will be inserted in the record at this point.

(The letter referred to follows:)

CIVIL SERVICE COMMISSION,
Washington, D.C., February 16, 1960.

HON. TOM MURRAY,
Chairman, Committee on Post Office and Civil Service,
House of Representatives.

DEAR MR. MURRAY: I have your letter of January 28 requesting the Commission's views with regard to a draft of proposed legislation.

Section 13(b) of the Civil Service Retirement Act governs the reemployment in Federal service of certain employees retired thereunder. It covers all such retired employees except those (1) retired for disability and found recovered or restored to earning capacity, and (2) whose annuity was based on an involuntary separation (except for age). Any such affected annuitant who is reemployed and serves in that capacity on a full-time basis for at least 1 year has his original annuity increased, upon separation from reemployment, by the annuity earned during the reemployment service.

Under the draft proposal, the retired employee who serves at least 5 years would, upon depositing the regular retirement contributions with interest, have his entire annuity recomputed under the law in effect at date of separation from the reemployment service rather than receive just the added annuity earned during reemployment.

The provisions of existing law were enacted upon Commission recommendation. The Commission's views on the subject were aptly expressed in its report of June 15, 1956, to you regarding S. 2875. I quote therefrom:

"The provisions for a redetermination of annuity rights under the law in effect at the time of termination of reemployment, and for a recomputation of annuity based on total service, are particularly undesirable because of the wind-falls which would occur.

"One example will serve to illustrate this point. Assume an individual with an average salary of \$5,000 and with 30 years of service retired optionally on December 31, 1951, at age 55. He elected a survivor annuity for his wife, also age 55. His annuity is reduced because of his age, because of his election of a survivor annuity, and because of his wife's age at the time he chose to retire. On December 31, 1956, his annuity, including increases provided by law, is \$1,968 per annum. In the event of his death after December 31, 1957, his widow's annuity will be \$960. If he is reemployed January 1, 1957, at a salary of \$5,000, works full time for a year, and again retires, annuity recomputed on his total service as provided by S. 2875 would result in benefits to him at the rate of \$2,916 per annum, with a potential widow's benefit of \$1,488 per annum. The present value at age 61 of these recomputed benefits exceeds by \$13,600 the present value at the same age of benefits at the old rates. In other words, his compensation for 1 year's service is in effect \$18,600, rather than the salary of \$5,000.

"While the Commission agrees that substantial reemployment should operate to increase retirement benefits, recomputation can result, as in the above example, in an increase out of all proportion to the value of the services during reemployment. Enactment of this proposal would subject appointing officers, including Members of Congress, to extreme pressure from retired employees, following each liberalizing amendment to the law, for reappointment in order to secure recomputation of annuity on their entire service. It is therefore recommended that the annuity of a person who serves as much as 1 year be increased by just the amount of annuity earned during the reemployment under the law then in effect."

Then in his testimony before your committee on July 12, 1956, former Commission Chairman Young recapitulated as follows:

"While the Commission agrees that a year or more of reemployment should operate to increase retirement benefits, recomputation can result in an increase out of all proportion to the value of the services during reemployment. This violates the principles of a well-planned retirement system. Enactment of this proposal would subject appointing officers, including Members of Congress, to extreme pressure from retired employees. Every time a liberalizing amendment to the law is enacted, retired employees would seek reappointment in order to secure recomputation of annuity on their entire service. It is, therefore, recommended that the annuity of a person who serves as much as 1 year be increased by just the amount of annuity earned during the reemployment under the law then in effect."

The Commission still holds the same view as regards short periods of reemployment. Enactment of the draft proposed would open the way for some windfall benefits. This would be particularly true where a liberalizing retirement amendment has been enacted since the employee's first retirement or where he has received materially higher salary during the reemployment service than during his previous highest years. In most instances, a recomputation would be more beneficial to the individual than would a supplemental annuity allowance.

However, there is some merit to the proposal because the individual would have to perform full-time service for 5 years or more to secure the recomputation. An employee serving that length of time is generally not the type of individual whose primary interest is a materially larger retirement allowance. He would usually be a conscientious individual interested in performing substantial service, with the retirement item being a secondary consideration. While there could be abuses, the resulting benefit would not be so great in proportion to the time served. Accordingly, the Commission would not raise objection to its enactment.

This matter has not been cleared with the Budget Bureau, which action would be necessary should we make official report on the proposal after its presentation in actual introduced bill form.

By direction of the Commission:

Sincerely yours,

BARBARA GUNDERSON, *Acting Chairman.*

Mr. DAVIS. I see that this letter has in it an illustration of an instance in which the change would apply.

Mr. RUDDOCK. The illustration, sir, in this letter was one which was used to illustrate what effect recomputation would have if it were permitted after service as brief as 1 year. If it were permitted after service as brief as 1 year the increase in the value of the annuity could actually exceed the value of the man's service during that 1 year.

One year would be considered pretty much nominal reemployment. But where the man has been reemployed 5 years, it is rather obvious that his reemployment was not motivated primarily by a desire for an increase in his annuity. He is obviously a conscientious person who has been working at the job.

Mr. DAVIS. Could you give us an example of what would be the effect of this bill on what you would consider a normal case, one that would normally come up?

Mr. RUDDOCK. Yes; I do not have one prepared, but let us see if I can construct one.

Let us say a man worked 30 years and retired at the age of 60 with an average salary of \$10,000. Let us assume he was retired in 1955. His annuity would have been \$4,500 a year.

Let us assume he is reemployed for 5 years, beginning in 1956 and working through 1961, and let us assume his salary during the reemployment is also \$10,000.

At the completion of this 5 years of reemployment this bill would make him entitled to a recomputation of his annuity, and that recomputation would be under the terms of the present Retirement Act including the amendments during his reemployment. His annuity then, based on 35 years of service, would be \$6,625 a year.

Mr. DAVIS. Does that mean that the same \$10,000 average salary would be calculated?

Mr. RUDDOCK. Yes; we would use the highest average annual salary for a 5-year period, which could be either during his first 30 years of service or after his reemployment.

Mr. DAVIS. If his last 5 years of reemployment were at a salary lower than \$10,000, you would still use the highest 5-year period in his total employment?

Mr. RUDDOCK. That is right.

The reason for the increase in his annuity in this illustration is due to two things. First, he has 5 more years of service.

Mr. DAVIS. What percentage increase does each year bring?

Mr. RUDDOCK. On the total recomputation the formula would be $1\frac{1}{2}$ percent of the average salary for the first 5 years of service—

Mr. DAVIS. For each year that is added on?

Mr. RUDDOCK. Not quite. You have to recompute it as if he had never retired. The formula calls for $1\frac{1}{2}$ percent of his average salary for the first 5 years, $1\frac{3}{4}$ percent between 5 and 10 years, and 2 percent for the years of service in excess of 10. It is the change in the annuity formula which occurred in the 1956 law which is primarily responsible for the increase in this case.

Mr. JOHNSON. Mr. Chairman, could I ask one question?

Mr. DAVIS. Yes; I wish you would ask as many questions as occur to you.

Mr. JOHNSON. Take the situation of a man who worked 30 years for the Federal Government and then left voluntarily for 1 or 2 years and then was reinstated. Take a man who worked 30 years and left the service at age 55.

Mr. DAVIS. Who had not reached retirement age?

Mr. JOHNSON. Who had not reached retirement age. Then he returns to the service, is reinstated a year later, and works 5 years. This man is credited with the full 35 years of service for annuity purposes?

Mr. RUDDOCK. Yes; I would like to make one change in your assumption. Say he was 54 when he left the service, because if he were 55 he would have been eligible for optional retirement.

Mr. DAVIS. If he retired after 30 years of service and drew retirement pay for 2 years and then was reemployed, would there be any difference? Would he still come under this bill?

Mr. RUDDOCK. He would still come under this bill if he came back and worked 5 years on a full-time basis.

Mr. DAVIS. In that event would he, during that 5-year period, continue to draw retirement pay?

Mr. RUDDOCK. Yes; the annuity continues. The salary is reduced by an amount equal to the annuity he receives. In other words, what he receives is equivalent to his salary. The reason for this arrangement is that most people who are employed after retirement work for only a short time. We used to suspend the annuity and then resume the annuity after the employment ended. We found time and time again we could not keep caught up with the man being reemployed. It would be a month or so before we found it out and after he left the employment it would take more time to start his annuity again. So it is administratively more simple to let the paymaster make the adjustment by reducing the salary by the amount of the annuity.

Mr. DAVIS. A person who worked and discontinued his employment and then was reemployed and worked 3 years or 4 years or 4½ years would not come under this bill here?

Mr. RUDDOCK. No, sir, he would not.

Mr. DAVIS. There must be a minimum of 5 years of reemployment?

Mr. RUDDOCK. If he has had at least 1 year full-time reemployed service but less than 5 years, he would get a supplement to his annuity.

Mr. DAVIS. That is under existing law?

Mr. RUDDOCK. That is under existing law and that would still be true if this bill were passed. This bill would affect those reemployed for 5 years, but the existing law would apply for a person who had been reemployed for at least 1 full year.

Mr. DAVIS. Could you explain that a little further? I am not sure I understand exactly what the present law is.

Mr. RUDDOCK. The man who has been retired optionally and who has been reemployed and worked continuously on a full-time basis for at least 1 year earns a supplement to his annuity. In other words, his existing annuity is increased by the amount earned during reemployment. That would be calculated at 2 percent of the average annual salary during reemployment.

In other words, if a man were retired optionally then after a time came back as a reemployed annuitant and worked for exactly 1 year at \$5,000, the rate of annuity he has been receiving would be increased by \$100 a year—2 percent of his \$5,000 salary.

Mr. DAVIS. Two percent of the \$5,000?

Mr. RUDDOCK. That is right. But the person who is reemployed for less than 5 years—assuming this bill were passed—would not secure the advantage of any liberalizations to the Retirement Act that have been passed since he retired.

Mr. JOHNSON. Mr. Chairman, could I speak off the record a moment?

Mr. DAVIS. Yes.

(Discussion off the record.)

Mr. CUNNINGHAM. Is this a big enough thing that there could be a price tag on the cost?

Mr. RUDDOCK. We cannot make an estimate of cost because we have no idea how many would be reemployed. We made a survey last fall and the total number of reemployed annuitants throughout the entire Federal service was in the neighborhood, as I remember it, of 1,400. Most of the 1,400 would be people who would be reemployed for 2 or 3 months, people brought back to do a special job, and then they would be separated. How many of that 1,400 or a comparable number at any given point would stay reemployed for 5 years would be extremely small.

Mr. CUNNINGHAM. It would not involve the Commission?

Mr. RUDDOCK. Not costwise. There would be some cost but we have no way of estimating what it would be in total.

Mr. DAVIS. And the Civil Service Commission offers no objection?

Mr. RUDDOCK. The Civil Service Commission offers no objection. I should point out that since there was no report from the Commission on a numbered bill, the position of the Commission has not been cleared with the Bureau of the Budget.

Mr. DAVIS. Is there anything further any of you think should go in the record? Do you think that covers everything?

Mr. RUDDOCK. I think it covers it, sir.

Mr. CUNNINGHAM. It does as far as I am concerned.

Mr. DAVIS. That being the case, that will conclude the hearing.

(Thereupon, at 10:15 a.m., the hearing was concluded and the subcommittee went into executive session.)

LEGISLATIVE HISTORY

Public Law 86-622
S. 2857

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INDEX AND SUMMARY OF S. 2857

Jan. 19, 1960	Sen. Clark introduced S. 2857 which was referred to the Senate Post Office and Civil Service Committee. Print of bill.
Feb. 17, 1960	Rep. McMillan introduced H. R. 10503 which was referred to the House Post Office and Civil Service Committee. Print of bill.
Apr. 21, 1960	Senate committee voted to report (but did not actually report) S. 2857.
May 2, 1960	Senate committee reported S. 2857 with amendment. S. Report No. 1302. Print of bill and report.
May 5, 1960	Senate passed S. 2857 as reported.
June 8, 1960	House subcommittee voted to report S. 2857 to the full committee.
June 16, 1960	House committee voted to report (but did not actually report) S. 2857.
June 17, 1960	House committee reported S. 2857 with amendments. H. Report No. 1916. Print of bill and report.
June 24, 1960	House passed over S. 2857 at the request of Rep. Ford.
June 25, 1960	House passed S. 2857 as reported.
June 30, 1960	Senate concurred in House amendments to S. 2857.
July 12, 1960	Approved: Public Law 86-622.

DIGEST OF PUBLIC LAW 86-622

AMENDMENTS TO CIVIL SERVICE RETIREMENT ACT. Amends Sec. 11 of the Civil Service Retirement Act so as to provide that any retirement contributions made by an individual after he has qualified for the 80 percent maximum annuity will be applied in payment for any noncontributory service standard to the individual's credit. Any amount contributed, after qualifying for the 80 percent maximum, which exceeds the amount due for noncontributory service will be deposited in the retirement fund as voluntary contributions to pay for additional annuity benefits.

Amends Sec. 13(b) of the Act so as to provide that an annuitant who, after retirement, is reemployed for 5 years or more may elect to have his annuity rights redetermined, on the basis of his total service (including the reemployed service), upon final separation and deposit of the appropriate contributions for the reemployed service.

86TH CONGRESS
2D SESSION

S. 2857

IN THE SENATE OF THE UNITED STATES

JANUARY 19, 1960

Mr. CLARK introduced the following bill; which was read twice and referred to the Committee on Post Office and Civil Service

A BILL

To amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 11 of the Civil Service Retirement Act, as
4 amended, is amended by adding at the end thereof a new
5 subsection as follows:

6 “(h) There shall be refunded to an employee or Mem-
7 ber retiring under this Act, or to the survivor of a deceased
8 employee or Member, any amounts deducted and withheld
9 from the basic salary of such employee or Member from the

1 first day of the first month which begins after he shall have
2 performed sufficient service (exclusive of any service which
3 the employee or Member elects to eliminate for purposes
4 of annuity computation under section 9) to entitle him to
5 the maximum annuity provided by section 9, together with
6 interest on such amounts at the rate of 3 per centum per
7 annum compounded annually from the date of such deduc-
8 tions to the date of retirement or death."

9 SEC. 2. The amendment made by this Act shall be effec-
10 tive only with respect to employees or Members separated
11 from the service after the date of enactment of this Act.

A BILL

To amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such Act.

By Mr. Clark

JANUARY 19, 1960

Read twice and referred to the Committee on Post
Office and Civil Service

H. R. 10503

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 17, 1960

Mr. McMILLAN introduced the following bill; which was referred to the Committee on Post Office and Civil Service

A BILL

To amend the Civil Service Retirement Act with respect to reemployment service.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 13 (b) of the Civil Service Retirement Act is
4 amended by adding at the end thereof the following sentence:
5 “Any such annuitant whose described employment continues
6 for at least five years may elect, in lieu of the benefit au-
7 thorized by the proviso herein, to have his rights redeter-
8 mined under the provisions of this Act upon deposit in the
9 fund of an amount computed under section 4 (c) covering
10 such employment.”

86TH CONGRESS
2d Session

H. R. 10503

A BILL

To amend the Civil Service Retirement Act with respect to reemployment service.

By Mr. McMillan

FEBRUARY 17, 1960

Referred to the Committee on Post Office and Civil Service

April 31, 1960

14. FARM PROGRAM. Sen. Hruska inserted an article, "Fish or Cut Bait on Farm Issue," which suggests that since the President has expressed a willingness to approve "any farm bill which meets certain broad standards" it is up to the Congress to act on farm legislation this year. p. 7874
15. PERSONNEL. The Post Office and Civil Service Committee voted to report (but did not actually report) S. 2857, to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity; S. 2775, to provide a health benefits program for certain retired employees; H. R. 8241, to amend certain provisions of the Civil Service Retirement Act relating to the reemployment of former Members of Congress; and H. R. 8289, to accelerate the commencing date of civil service retirement annuities; and postponed action on S. 1638, to provide for an effective system of personnel administration for the executive branch of the Government. p. D327
16. LANDS. Sens. Bartlett, Gruening, and Engle criticized the Departments of Defense and Interior regarding "what appears to be a plain violation of the law passed by Congress with respect to military withdrawals of public lands." pp. 7879-82
17. FRUITS AND VEGETABLES. Sen. Smathers commended and inserted an article, "Youthful Government's Inefficiency Leads to a Tangled Economy ...," which includes a reference to the withdrawal by this Department of fruit and vegetable inspectors. pp. 7872-3
18. ADJOURNED until Mon., April 25. p. 7889

ITEMS IN APPENDIX

19. PERSONNEL. Rep. Wolf inserted a resolution adopted by Government Employees' Council, AFL-CIO, calling for a pay raise for Federal employees. p. A3465
20. FORESTS. Extension of remarks of Rep. Cunningham describing the celebration of Arbor Day in Nebraska. pp. A3466-7
21. AREA REDEVELOPMENT. Rep. Lane inserted a Textile Workers Union resolution urging passage of S. 722, the proposed area redevelopment bill. p. A3473
Extension of remarks of Rep. Saylor criticizing the continued expenditure of "vast sums of American funds to friends and foes alike in far-off reaches around the world while U. S. communities are denied a small percentage of such expenditures for the express purpose of getting our own people back to work." pp. A3486-7

SENATE continued

22. ATOMIC ENERGY; ELECTRIFICATION. As reported by the Joint Atomic Energy Committee (see Digest 71), H. R. 11713 and S. 3387, the Atomic Energy Commission authorization bills for 1961, contain provisions as follows: Authorizes \$211,476,000 for new construction projects, including reactor development, physical research, biology and medicine, and 3 atomic power plants in the Antarctic for support of defense and scientific facilities located there. No new prototype reactors are provided for 1961 in the 10 year plan submitted by AEC to the Joint Committee. The Joint Committee added a section "authorizing the Commission within its discretion to proceed with design and engineering studies on facilities for food irradiation," and stated as follows:

"In hearings before the Joint Committee on January 14-15, 1960, and the Research and Development Subcommittee on March 31, 1960, testimony was received as to the failure by the Department of Army to support adequately the national food irradiation research program. The interdepartmental Committee on Radiation Preservation of Foods on February 12, 1960, recommended that the Atomic Energy Commission be designated as the operating agency for the civilian portion of this national program and the Commission accepted the assignment. ***

"The Joint Committee thus wishes to indicate its support for this part of the atoms-for-peace program and its intention to follow closely the food irradiation program to assure it will not be further delayed."

BILLS INTRODUCED

23. VETERANS' BENEFITS. H. R. 11858, by Rep. George, to extend the veterans' home loan program to February 1, 1965; to provide for direct loans to veterans in areas where housing credit is otherwise not generally available; to Veterans' Affairs Committee.
24. LABELING. H. R. 11859, by Sen. Glenn, to amend the Federal Food, Drug, and Cosmetic Act to require that packages of fruits and vegetables be labeled to show the State where such fruits and vegetables were grown; to Interstate and Foreign Commerce Committee.
25. WATER POLLUTION. H. R. 11860, by Rep. Halpern, to amend the Federal Water Pollution Control Act to expand research, extend State and interstate water pollution control program grants, and strengthen enforcement procedures; to Public Works Committee.
26. FARM PROGRAM. H. R. 11869, by Rep. Porter, to reduce the cost to the U. S. Treasury of farm price and income stabilization programs, to provide means by which producers may balance supply with demand at a fair price, to reduce the volume and costs of maintaining Commodity Credit Corporation stocks, to provide for distribution to needy people and public institutions of additional needed high protein foods, to preserve and improve the status of the family farm through greater bargaining power; to Agriculture Committee.
27. PERSONNEL. H. R. 11875, by Rep. Stratton, to adjust the rates of basic compensation of certain officers and employees of the Federal Government; to Post Office and Civil Service Committee.

PRINTED HEARINGS RECEIVED BY THIS OFFICE

28. APPROPRIATIONS. USDA appropriations for 1961, Part 3. Includes CSS, FCA, Library, OGC, Information, and Office of the Secretary. H. Appropriations Committee.

Independent offices appropriations for 1961, part 3 (Nat'l Aeronautics and Space Administration and Nat'l Science Foundation). H. Appropriations Committee.

Dept. of Defense appropriations for 1961, part 6 (research, development, test, and evaluation). H. Appropriations Committee.

29. FORESTRY; RECREATION. S. 4, to provide for the establishment of the Padre Island National Park, in the State of Texas. S. Interior and Insular Affairs Committee.

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OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
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HIGHLIGHTS: Senate committee reported Ellender wheat bill. Senate passed mutual security authorization bill. House committee reported (Apr. 29) Defense Department appropriation bill. House committee reported bill to revise Farmers Home Administration laws. Several Representatives urged passage of depressed areas bill. Reps. Andersen and Jensen introduced and Rep. Andersen discussed farm program bills.

SENATE

1. MUTUAL SECURITY; FOREIGN AID. By 60 yeas to 25 nays, passed H. R. 11510, Mutual Security Act of 1960, after substituting for its text the language of S. 3058, which had first been amended by adoption of a committee amendment (in the nature of a substitute), as amended (pp. 8370-1, 8376-420). Prior to this action, the following actions had been taken on amendments to the committee substitute amendment: Agreed to, by 45 yeas to 38 nays, a modified Ellender amendment to eliminate language which would amend Public Law 480 with reference to use of foreign currencies and use of surplus agricultural commodities in aiding needy peoples, and promoting economic development of underdeveloped areas (pp. 8383-88). Rejected, by 40 yeas to 45 nays, the Gruening amendment to require non-military flood control and other land resource projects abroad to conform to certain Budget Bureau standards (pp. 8376-8); by 28 yeas to 57 nays, Ellender amendment to eliminate language that would authorize certain repayments by foreign countries in the form of commodities (pp. 8389-91); and the Fulbright amendment providing that in giving effect to the principles that the U. S. favors freedom of navigation in international waterways and economic cooperation

between nations, the President should not normally apply them to a situation wherein nations receiving aid under the Mutual Security Act or Public Law 480 are engaged in actions detrimental to peace and application of the principles would constitute partiality in the dispute (pp. 8414-17). Conferees were appointed (p. 8420).

Both Houses received from the President the seventeenth semiannual report on the operations of the mutual security program for the period ending December 31, 1959 (H. Doc. 373). p. 8343, 8434

2. RETIREMENT. / The Post Office and Civil Service Committee reported with amendment S. 2857, to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such act (S. Rept. 1302). p. 8344

3. WHEAT. / The Agriculture and Forestry Committee reported with amendment S. 2759, to strengthen the wheat marketing quota and price support program (S. Rept. 1306). p. 8345

4. EXPENDITURES. Sen. Byrd submitted a Joint Committee on Reduction of Non-essential Federal Expenditures report on Federal employment and pay for the month of March, 1960, together with his statement on employment in the executive agencies by months in fiscal year 1960. pp. 8345-8

5. SALINE WATER. The names of Sens. Wiley, Kuchel, and Allott were added as co-sponsors of S. 3446, to amend the act of July 3, 1952, as amended relating to research and development and utilization of saline water. p. 8352

6. AIR POLLUTION. Sen. Clark commented on a Public Health Service scientist report on air pollution, inserted a newspaper article relative to cancer agents found in city air, and urged favorable consideration of S. 3108, a bill to extend the Federal air pollution control law. pp. 8364-5

7. FOOD ADDITIVES. Sen. Morse inserted a magazine article which he described as an effective presentation of the position taken by farmers who resent being "the whipping boy of politicians, metropolitan newspapers, and nationally circulated magazines," and stated that an early release of the Science Advisory Committee's report on the effects of food additives and residuals will be welcomed. pp. 8421-2

HOUSE

8. APPROPRIATIONS. The Appropriations Committee reported without amendment (on Fri., Apr. 29) H. R. 11998, the Defense Department appropriation bill for 1961 (H. Rept. 1561). p. 8503

9. INTERIOR AND RELATED AGENCIES APPROPRIATION BILL, 1961. Disagreed to the Senate amendments to this bill H. R. 10401; conferees were appointed. p. 8433
Senate conferees have been appointed.

10. PERSONNEL; ATTACHES. Passed over, at the request of Rep. Gross, H. R. 8074, to permit the assignment of agricultural attaches to positions in the U. S. for a maximum of 4 years without reduction in grade. p. 8436

11. PESTICIDES. Passed over, at the request of Rep. Aspinall, H. R. 7480, to amend the Federal Food, Drug, and Cosmetic Act so as to provide that the term "chemical preservatives" shall not apply to a pesticide chemical when used in or on a raw agricultural commodity produced from the soil, and to require that

REFUND OF EXCESS RETIREMENT CONTRIBUTIONS

MAY 2, 1960.—Ordered to be printed.

Mr. CLARK, from the Committee on Post Office and Civil Service,
submitted the following

REPORT

[To accompany S. 2857]

The Committee on Post Office and Civil Service, to whom was referred the bill (S. 2857) to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such act, report favorably thereon with an amendment and recommend that the bill, as amended, do pass.

AMENDMENT

The committee amendment adds section 3 to the bill in order to authorize use of the civil service retirement and disability fund to the extent required by the bill.

STATEMENT

This bill amends the Civil Service Retirement Act to authorize a refund of contributions in excess of an amount necessary to purchase maximum benefits payable under the act.

The Civil Service Retirement Act limits annuity payments to 80 percent of the high 5 consecutive year average salary in the case of employees and 80 percent of the final salary in the case of Members. Under present computation formulas employees attain the maximum benefit payable under the act after approximately 42 years of service and Members after approximately 32 years of service. A combination of the different types of service would result in attaining the maximum at any point between 32 and 42 years of service.

Contributions beyond such point purchase no additional annuity benefits. Accordingly, the bill provides for a refund of all retirement contributions made after the month in which an employee or Member obtained sufficient service to entitle him to the maximum benefits

payable under the act. Benefits are prospective only and would be payable upon separation either on retirement or death.

The employee who remains in the service after he has earned the maximum annuity is a bargain in several respects. His services cost only 20 percent, as he could get 80 percent for not working, and yet because he continues in the service he draws nothing from the retirement fund. Viewed in this light, it seems reasonable that he should not be required to continue payments to the retirement fund which purchase no additional benefits.

AGENCY VIEWS

Following is the report of the Civil Service Commission on the bill:

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., March 16, 1960.

HON. OLIN D. JOHNSTON,
*Chairman, Committee on Post Office and Civil Service,
U.S. Senate, New Senate Office Building.*

DEAR SENATOR JOHNSTON: This refers further to your letter of January 21, 1960, requesting Commission report on S. 2857, a bill to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such act.

This bill proposes to amend section 11 of the Retirement Act to allow a refund of retirement deductions withheld after the month in which an employee or Member accrues sufficient creditable service to entitle him to the maximum benefit payable under the act. It also proposes to pay 3 percent interest (compounded annually) on any such refund computed from the date of deductions to the date of retirement or death. The proposal is prospective only.

The Retirement Act currently limits annuity payable to retirees at 80 percent of high 5 average salary, except retiring Members who are limited to 80 percent of final salary. Employees with high 5 annual salary exceeding \$5,000 attain the 80 percent level with 41 years 11 months creditable service and congressional employees with 38 years 2 months service, if they have 15 years military and congressional service. Employees reach the 80 percent limitation with somewhat less service if annual salary is below \$5,000. Members attain the 80 percent limit with 32 years service if it is all Member and creditable military service and their high 5 and average salary are the same. Section 6(c) law-enforcement eligibles attain it with 40 years service.

However, it does not follow that there is no further increase in annuity once this period of service is completed. In practically every case, additional service increases average salary, thereby raising the dollar amount of the 80-percent limitation. It is true that the annuity does not increase as much as in short-service cases. The latter gets the benefit of both additional service credit and higher average salary, but the fact remains that the second of these factors operates for the long-service employee.

The Retirement Act provides an annuity computation formula based upon years of service and average salary. Average salary is computed using the highest 5 consecutive years of creditable service

which today is normally the last 5 years' service. Enactment of S. 2857 would, therefore, require computation of the average salary in long-service cases either in whole or in part on service which provided the highest basic salary rates of a person's career and for which the bill would authorize refund of retirement deductions. Continued employment after reaching the 80-percent annuity level is therefore advantageous. Promotions, pay raises, and periodic and longevity increases all raise the amount of annuity which will be drawn on retirement.

In addition, the retiree is given full credit for all periods of "free" or nondeduction service, that is, civilian service performed prior to August 1, 1920, and creditable military service whenever performed. Employees must make contributions to the fund for all periods of civilian service beginning on or after August 1, 1920, or the annuity is slightly reduced. Upon enactment of this proposal, a refund of the deductions taken during an employee's most recent civilian service over the maximum would be made even though periods of free service are included and contributions were not made to the retirement fund for as many years as (or more than) he is given service credit.

Further, deduction rates for all employees and Members have been gradually increased from the original $2\frac{1}{2}$ percent to the present $6\frac{1}{2}$ percent for employees and $7\frac{1}{2}$ percent for Members in order to pay for the increased benefits and coverage now provided. This proposal would refund deductions taken at the highest rates while still awarding current liberal benefits and coverage. This is obviously inequitable and discriminatory from the view of a short-service employee. Short-service employees get the same benefits and coverage but have to pay the full price for them. They receive smaller annuities because they have fewer years of service but may pay as much or more than the long-service employees who would have part of their deductions refunded.

A recent retirement case, by no means unusual, points up the problem. After 47 years and 6 months of service, the employee retired at age 66 with an average salary of \$6,494. His retirement deductions total \$6,213 which with interest as provided by the Retirement Act, give a lump-sum credit, or guaranteed return, of \$8,991. His annuity is \$405 per month and, if his wife survives him, she will receive \$216 per month. The value of these annuities at retirement was \$55,800 of which his own deductions plus interest provide 16.1 percent. It would not appear that retirement deductions in this and similar cases have been excessive.

Of additional interest here is the fact that this retiree had 8 years' and 3 months' nondeduction service prior to August 1, 1920. From that date to June 30, 1930, covering his first 18 years and 2 months of service, he paid only \$569.70 in retirement deductions. The deductions which would have been refunded if S. 2857 had been enacted prior to his retirement, covering his last 5 years and 7 months of service, total \$2,245 without interest and \$2,426 with interest. The former amount represents over one-third of his total deductions without interest and nearly four times as much as he contributed in his first 18 years and 3 months of service. It is noted that in this case the 5-year average salary would be computed entirely on service for which no deductions would be left in the fund if retired after enactment of S. 2857.

For the previously cited reasons, present employees with long service stand to gain the biggest bargains from the retirement system. The young employee, faced with 6½-percent deductions throughout his entire period of service will pay for a much greater portion of his benefits than the employee who is now eligible to retire. We cannot see any inequity in the continuance of deductions after the point in service where the 80-percent maximum is reached.

Under current law, the long-service employee can "beat" the 80-percent limitation. He can retire, become reemployed on a full-time basis for at least 1 year, and receive supplemental annuity on later separation which is computed on his full-time service as a reemployed annuitant, independently of the 80-percent limitation.

The interest provision in S. 2857 is completely unrealistic. No interest is payable on refunds made under the provisions of the Retirement Act of 1956 (Public Law 85-854) beyond December 31, 1956, if the employee or Member has over 5 years' civilian service. The justification for this provision is that the employee who completes 5 years' civilian service acquires a vested right to a future annuity, which annuity was materially liberalized by the 1956 act. The nonaccrual of interest after December 31, 1956, represents a small premium for this annuity protection and, when appropriate, survivor protection. As the employee or Member now pays such a small percentage of the value of future annuity for coverage, there is no justification for further decreasing the payment unless the ultimate goal is to make the system completely noncontributory.

Thus, this bill would create inequities, make unwarranted gifts, and to some degree injure the stability of the retirement fund. At present, it is in the employee's interest to remain in the service beyond the time the 80-percent annuity is earned. As hereinbefore indicated, the long-service employee now enjoys a preferential position, and we see no reason for making it more so.

For the foregoing reasons, the Commission recommends that adverse action be taken on this bill.

Cost figures are not offered for this bill because we have no basis for computing them. The facts and circumstances of each case are so different that any attempt to arrive at a total would be futile. There would be an increased cost borne entirely by the Government, in every case consisting, as a minimum, of the amount of the refund interest; in the great majority of cases, such cost would consist of the total refund amount.

It is noted that the bill does not provide an exception to the restriction on the use of the retirement fund imposed by the paragraph headed "Civil Service Retirement and Disability Fund" in section 101 of title I of the act of August 28, 1958, Public Law 85-844 (72 Stat. 1064).

The Bureau of the Budget advises that there is no objection to the submission of this report to your committee.

By direction of the Commission:

Sincerely yours,

ROGER W. JONES, *Chairman.*

Calendar No. 1335

86TH CONGRESS
2D SESSION

S. 2857

[Report No. 1302]

IN THE SENATE OF THE UNITED STATES

JANUARY 19, 1960

Mr. CLARK introduced the following bill; which was read twice and referred to the Committee on Post Office and Civil Service

MAY 2, 1960

Reported by Mr. CLARK, with an amendment

[Insert the part printed in italic]

A BILL

To amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 11 of the Civil Service Retirement Act, as
4 amended, is amended by adding at the end thereof a new
5 subsection as follows:

6 “(h) There shall be refunded to an employee or Mem-
7 ber retiring under this Act, or to the survivor of a deceased
8 employee or Member, any amounts deducted and withheld
9 from the basic salary of such employee or Member from the

1 first day of the first month which begins after he shall have
 2 performed sufficient service (exclusive of any service which
 3 the employee or Member elects to eliminate for purposes
 4 of annuity computation under section 9) to entitle him to the
 5 maximum annuity provided by section 9, together with
 6 interest on such amounts at the rate of 3 per centum per
 7 annum compounded annually from the date of such deduc-
 8 tions to the date of retirement or death."

9 SEC. 2. The amendment made by this Act shall be effec-
 10 tive only with respect to employees or Members separated
 11 from the service after the date of enactment of this Act.

12 *SEC. 3. Notwithstanding any other provision of law,*
 13 *refunds authorized by the amendment made by this Act shall*
 14 *be paid from the civil service retirement and disability fund.*

[Report No. 1302]

A BILL

To amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such Act.

By Mr. CLARK

JANUARY 19, 1960

Read twice and referred to the Committee on Post Office and Civil Service

MAY 2, 1960

Reported with an amendment

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HIGHLIGHTS: House committee granted permission until midnight Friday, May 6, to file report on USDA appropriation bill. Both Houses agreed to conference report on Interior and related agencies appropriation bill, including Forest Service. House passed Defense Department appropriation bill for 1961.

HOUSE

1. **MUTUAL SECURITY.** Disagreed to the Senate amendments to H. R. 11510, the mutual security authorization bill; conferees were appointed (p. 8903). Senate conferees have been appointed.
2. **DEFENSE DEPARTMENT APPROPRIATION BILL, 1960.** Passed by a vote of 377 to 3, with amendment, this bill, H. R. 11998. pp. 8913-56
Following passage of the bill Rep. Mastenmeier commented on the bill and urged support for establishing a National Peace Agency. pp. 8957-8
3. **AGRICULTURE DEPARTMENT APPROPRIATION BILL, 1961.** Agreed to allow the Appropriations Committee until midnight, Fri., May 6, to file a report on this bill. p. 8957
4. **EXHIBITIONS.** Rep. Kasem urged support for his resolution to have the Secretary of State "enter into negotiations to bring the U. S. into the membership of the 'Bureau International des Expositions.'" pp. 8959-62
5. **INTEREST RATES.** Rep. Burdick criticized the administration's stand on removing the interest restriction on long-term Government securities. pp. 8976-7

6. LEGISLATIVE PROGRAM. Rep. McCormack stated that the legislative program for next week would include the following: On Tues., May 10, the Department of Agriculture appropriation bill for 1961 would be considered, and following that the house would consider H. R. 10495, the highway construction authorization bill for fiscal 1962, and 1963. p. 8904

SENATE

7. INTERIOR AND RELATED AGENCIES APPROPRIATIONS, 1961. Both Houses agreed to the conference report on this bill H. R. 10401. This bill will now be sent to the President. pp. 8864-71, 8910-13
8. FARM CREDIT. The Agriculture and Forestry Committee reported with amendments S. 2977, to amend the Farm Credit Act of 1933 to provide for increased representation by regional banks for cooperatives on the Board of Directors of the Central Bank for Cooperatives (S. Rept. 1335). p. 8816
9. LANDS. The Agriculture and Forestry Committee reported without amendment H. R. 9818, to provide for the conveyance of certain real property of the United States to the State of Florida (S. Rept. 1336); and S. 3070, to provide for the removal of the restriction on use with respect to certain lands in Morton County, N. Dak., conveyed to the State of North Dakota on July 20, 1955 (S. Rept. 1337). p. 8816
10. EXPORT CONTROL. Passed without amendment H. R. 10550, to extend the Export Control Act of 1949 for 2 additional years. This bill will now be sent to the President. p. 8851
11. WHEAT. Passed over, as not appropriate calendar business, S. 2759, to strengthen the wheat marketing quota and price support program. p. 8853
12. CHICORY. Passed as reported H. R. 9398, to extend for 3 years the suspension of duty on imports of crude chicory and the reduction in duty on ground chicory. p. 8854
13. RETIREMENT. Passed as reported S. 2575, to provide a health benefits program for certain retired employees of the Government (pp. 8872-5). This bill had been passed over on calendar call earlier in the day (p. 8851).
Passed over and subsequently passed as reported H. R. 8241, to amend certain provisions of the Civil Service Retirement Act relating to the reemployment of former Members of Congress. pp. 8851, 8876-84
Passed over and subsequently passed as reported S. 2857, to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such Act. p. 8852, 8884-90, 8891-2
14. CASEIN. Passed with amendments H. R. 9862, relating to duties on certain shoe lathes and containing an amendment to extend the suspension of the import duty on casein until June 30, 1963. pp. 8892-9
15. AREA REDEVELOPMENT. Sen. Johnson and others discussed S. 722, the area redevelopment bill, and Sen. Johnson moved to agree to the House amendment. It was agreed that on Fri., May 6, there will be 2 hours debate, equally divided, on the motion to agree to the House amendment. pp. 8811-2, 8875-6, 8889-900

the part of the United States Government".

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

BILLS PASSED OVER

The bill (H.R. 9862) to continue for 2 years the existing suspension of duties on certain lathes used for shoe last roughing or for shoe last finishing was announced as next in order.

Mr. PROUTY. Over, by request.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2618) to authorize the exchange of certain war-built vessels for modern and efficient war-built vessels owned by the United States was announced as next in order.

Mr. PROUTY. Over, by request.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 3387) to authorize appropriation for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes, was announced as next in order.

Mr. PROUTY. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H.R. 4049) to amend the Federal Aviation Act of 1958 in order to authorize free or reduced rate transportation for certain additional persons, was announced as next in order.

Mr. PROUTY. Over, by request.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 3019) to provide for certain pilotage requirements in the navigation of U.S. waters of the Great Lakes, and for other purposes, was announced as next in order.

Mr. PROUTY. Over, by request.

The PRESIDING OFFICER. The bill will be passed over.

EXTENSION OF EXPORT CONTROL ACT OF 1949

The bill (H.R. 10550) to extend the Export Control Act of 1949 for 2 additional years was announced as next in order.

Mr. HART. Mr. President, I ask unanimous consent to have an explanation of the bill printed in the Record at this point.

There being no objection, the statement was ordered to be printed in the Record, as follows:

H.R. 10550, as its title shows, would extend the Export Control Act of 1949 for a period of 2 years from the present expiration date of June 30, 1960. This act, which is administered by the Secretary of Commerce by delegation from the President, authorizes the regulation of exports under standards based on national security, foreign policy, and domestic shortages.

The Department of Commerce recommended this 2-year extension of the Export Control Act last February. The State Department and the Defense Department have recommended it. All these recommendations

are printed in the committee's report. We have had elaborate quarterly reports from the Department of Commerce, of which the 50th, covering the 4th quarter of 1959, is the latest. The committee has had the benefit of the brief testimony before the House Banking and Currency Committee, but in view of the strong support for the bill and the complete absence of any opposition to the extension, or any recommendation for amendment to the act, we have held no hearings.

The committee's report is full. It describes the statute and the administration of the controls, and the measures taken to bring about enforcement and compliance of the act and regulations issued under it. The full text of the act is also printed in the report.

In the light of present world conditions, it is in the interest of this country to continue the authority to regulate exports.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

RETIRED FEDERAL EMPLOYEES HEALTH BENEFITS ACT OF 1960—BILL PASSED OVER

The bill (S. 2575) to provide a health benefits program for certain retired employees of the Government, was announced as next in order.

Mr. LAUSCHE. Mr. President, I object.

Mr. HART. Mr. President, it is not an appropriate bill to be passed on the call of the calendar, in any event.

Mr. GRUENING. Mr. President, while this bill has been passed over, I hope it is without prejudice. I think it is a most desirable bill. It was sponsored by our late colleague, Senator Neuberger. I am one of the cosponsors. It is a bill designed to extend to some of our Federal retirees some of the benefits of health insurance which have been extended to other Federal employees, and I hope it will come up for favorable consideration in the near future.

Mr. HART. Mr. President, the junior Senator from Michigan shares exactly that feeling. However, there is involved an initial expenditure of some \$15 million. It is an important item of legislation. It is appropriate for passage, but other than on a calendar call.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

BILLS PASSED OVER

The bill (H.R. 8241) to amend certain provisions of the Civil Service Retirement Act relating to the reemployment of former Members of Congress, was announced as next in order.

Mr. PROUTY. Over, by request.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H.R. 8289) to accelerate the commencing date of civil service retirement annuities, and for other purposes, was announced as next in order.

Mr. HART. Over, by request.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H.R. 10474) to authorize the construction of modern naval vessels, was announced as next in order.

Mr. PROUTY. Over.

The PRESIDING OFFICER. The bill will be passed over.

QUALIFICATIONS OF CHIEF AND DEPUTY CHIEF OF THE BUREAU OF SHIPS

The bill (H.R. 9464) to remove the requirement that, of the Chief and Deputy Chief of the Bureau of Ships, one must be specifically qualified and experienced in naval engineering and the other must be specially qualified and experienced in naval architecture was considered, ordered to a third reading, read the third time, and passed.

EXTENSION OF LOAN OF NAVAL VESSEL TO THE GOVERNMENT OF THE REPUBLIC OF CHINA

The Senate proceeded to consider the bill (H.R. 9465) to authorize the extension of a loan of a naval vessel to the Government of the Republic of China, which had been reported from the Committee on Armed Services with an amendment, on page 2, after line 12, to insert a new section, as follows:

Sec. 5. Notwithstanding section 7307 of title 10, United States Code, or any other law, the President may, under conditions which he prescribes, lend one submarine to the Government of Canada for a period of not more than five years and may, in his discretion, extend such loan for an additional period of not more than five years. All expenses involved in the activation of this submarine including repairs, alterations, outfitting, and logistic support shall be paid by the Government of Canada. The authority of the President to transfer a submarine under this section terminates on December 31, 1961.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended, so as to read: "An Act to authorize the loan of one submarine to Canada and the extension of a loan of a naval vessel to the Government of the Republic of China."

POSTHUMOUS AWARDS OF APPROPRIATE MEDALS TO CERTAIN CHAPLAINS

The bill (S. 2969) to authorize the award posthumously of appropriate medals to Chaplain George L. Fox, Chaplain Alexander D. Goode, Chaplain Clark V. Poling, and Chaplain John P. Washington was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. PROUTY. Mr. President, I ask unanimous consent to include in the Record, just prior to passage of the bill, a statement.

There being no objection, the statement was ordered to be printed in the Record, as follows:

STATEMENT BY SENATOR WINSTON L. PROUTY, REPUBLICAN, OF VERMONT, ON THE LATE REVEREND GEORGE L. FOX, OF GILMAN, VT., ONE OF THE FOUR CHAPLAINS WHO WENT DOWN WITH THE TROOPSHIP "DORCHESTER"

The story of the heroism of the four chaplains aboard the U.S. troopship *Dorchester* when it was sunk by an enemy torpedo on February 3, 1943, has now become a part of the lore of American heroism. It is briefly related in the report of S. 2969, which is now being considered.

I wish today to tell you a little something about one of those four chaplains. George Lansing Fox, late of Gilman, Vt., was a man who inspired confidence in other men.

"Mr. Fox will not disappoint you." So wrote the Reverend Arthur Wentworth Hewitt, of Northfield, Vt., to the Bureau of Chaplains of the War Department. How prophetic those words.

George Lansing Fox was born in Lewistown, Pa., on March 15, 1900. At the age of 17 he enlisted in the Army and served for 2 years during World War I in the Ambulance Corps. As a result of this service, he received the Silver Star, the Croix de Guerre, the Purple Heart with one palm, the Verdun Medal, and the Victory Medal with six battle stars.

His experiences in the First World War plus his deeply religious nature led him to the ministry in the Methodist Church. Even before he received his ordination, he served as a lay preacher in West Berkshire, Vt.

After receiving a BA from Illinois Wesleyan in 1931 and an STB from the School of Theology of Boston University in 1934, he returned to Vermont, where he held pastorates at various times in Waits River, Union Village, and, lastly, at Gilman and East Concord.

At the time of his enlistment as a chaplain in the Army, he left a 17-year-old son, Wyatt Ray, then in the Marine Corps, and a daughter, Mary Elizabeth, in addition to his wife, Isadora. They are still residents of Vermont.

This last Veterans' Day, May 30, the Vermont Historic Sites Commission, assisted by veterans' organizations, dedicated a marker in Gilman, Vt., for the Reverend George Lansing Fox.

When George Fox was notified that he had been accepted as a chaplain, he wrote to Bishop Leonard, of the Washington area: "I am happy to have been chosen for this privilege and shall do my utmost to represent the Master and our church."

The award, posthumously, of the appropriate medal recommended by the report of the Armed Services Committee will not add to the record of his performance in the fulfillment of that promise, but it will confirm it.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized to award posthumously appropriate medals and certificates to Chaplain George L. Fox of Cambridge, Vermont; Chaplain Alexander D. Goode of Washington, District of Columbia; Chaplain Clark V. Poling of Schenectady, New York; and Chaplain John P. Washington of Arlington, New Jersey, in recognition of the extraordinary heroism displayed by them when they sacrificed their lives in the sinking of the troop transport *Dorchester* in the North Atlantic in 1943 by giving up their life preservers to other men aboard such transport.

SEC. 2. The medals and certificates authorized by this Act shall be in such form and of such design as shall be prescribed by the President, and shall be awarded to such representatives of the aforementioned chaplains as the President may designate.

SEC. 3. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

CONVEYANCE OF CERTAIN REAL PROPERTY TO ORANGE COUNTY, CALIF.

The bill (H.R. 5349) to provide for the conveyance to Orange County, Calif., of all right, title, and interest in and to certain real property situated in Orange County, Calif., was considered, ordered to a third reading, read the third time, and passed.

Mr. MORSE had previously said: "Mr. President, I ask unanimous consent that when we reach Calendar No. 1334, H.R. 5349, there may be inserted in the RECORD at that point a statement explaining that the bill does not violate the Morse formula."

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MORSE

H.R. 5349 would authorize and direct the Administrator of General Services to convey to Orange County, Calif., all right, title, and interest of the United States to certain property, including improvements thereon, located in Costa Mesa.

The land in question was conveyed to Orange County in 1936 by the American Legion Post of Costa Mesa for the purpose of constructing a community hall and a county courthouse. A few months later the county sought and obtained the assistance of the WPA for the construction of the community hall.

The proposal of the county to WPA provided that (1) it would finance the cost of the project not covered by Federal funds, and (2) it would not sell, lease, donate, or otherwise dispose of the improvements to a private individual, corporation, or quasi-public organization. On the basis of this arrangement, the WPA in 1937 and 1938 expended the sum of \$16,067.88 and the county \$5,352.48 in the construction of the community hall and recreation building. On December, 1938, a few months after the building was constructed, the county, by quitclaim deed, conveyed the property back to the American Legion post.

In 1941, the Federal Works Agency requested that the county either acquire title to the property and operate the facility for the general public without discrimination or preferable consideration or, in the alternative, make restitution of the \$16,067.88 spent by the Federal Government to build the community hall.

In October 1942, the American Legion post reconveyed the property to Orange County. In 1944, Orange County and the American Legion post entered into an agreement under which the post managed the community hall building for the county. According to the letter contained in the report from the Department of Justice, the county has operated the facility for the general public.

The interest of the United States in this matter arises from the expenditure of Federal funds, and the provisions of the county proposed on the use of the property. The Federal Government would be released of its interest through the enactment of the bill.

Senate Report No. 130; contains a reference to the case of *United States v. City of*

Columbus (54 Fed. Supp. 37), which comments upon the legal effect of language such as that contained in the proposal of the county to the WPA. On this subject the Senate Report, at page 4, contains a quotation from the letter of the General Services Administration which reads as follows:

"In the case of the *United States v. the City of Columbus*, the United States sought to recover from the city of Columbus, N. Dak., the amount expended by it for the cost of materials used and the labor performed in the construction of a community recreation building as a WPA project, leased by the city as a liquor store, allegedly in contravention of the city's agreement to use the facility as a community recreation center. The court on motions for judgment on the pleadings, states in pertinent part as follows:

"But once a project which in its application meets the specifications required by law, and receives approval, and is constructed under the supervision and control of WPA officials, is completed and turned over to the municipality, it is turned over without being impressed with an easement or right or restriction controlled by the United States, and may be used thereafter by the municipality in any manner which the laws governing that municipality allow. A contrary conclusion would, in my opinion, result in entanglements of such infinite complication as to be impossible of administration, judicial or otherwise, and was never within the contemplation of Congress."

I am advised that the case of the *United States v. the City of Columbus* has not been reversed or overruled. That being the case the decision is controlling and no objection of the bill exists under the Morse formula.

BILL PASSED OVER

The bill (S. 2857) to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such act, was announced as next in order.

Mr. PROUTY. Over, by request.

The PRESIDING OFFICER. The bill will be passed over.

ELIMINATION OF PRORATION OF OCCUPATIONAL TAX IN CERTAIN CASES

The Senate proceeded to consider the bill (H.R. 4029) to amend the Internal Revenue Code of 1954 to eliminate the proration of the occupational tax on persons dealing in machine guns and certain other firearms, and for other purposes, which had been reported from the Committee on Finance with an amendment, on page 5, line 2, after "June 30," to strike out "1959" and insert "1960".

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

PROCLAMATION IN CONNECTION WITH THE CENTENNIAL OF BIRTH OF GENERAL OF THE ARMIES JOHN J. PERSHING

The Senate proceeded to consider the joint resolution (H.J. Res. 640) to authorize and request the President to is-

did not work at all for the Federal Government, he still would be entitled to have his retirement pay based on his salary of \$22,500 as a Member of Congress. So the matter is as broad as it is long.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. CLARK. I yield.

Mr. JOHNSTON of South Carolina. The point is that if one serves for 4 years in a department downtown, and then serves for 1 year as a Member of Congress, he can still receive retirement pay.

Mr. LAUSCHE. But that is still wrong.

Mr. JOHNSTON of South Carolina. Oh, no; it is not, because the retirement pay he received would be only in accordance with what he had paid into the fund.

Mr. LAUSCHE. But it would be received on the basis of the 5 highest years, which in that case would be years at a salary of \$22,500. However, if he paid the required percentage for only 5 years on the \$22,500 salary, and if thereafter he worked for 15 years for the Government, at a salary of \$10,000 his retirement pay would be fixed on the basis of the first 5 years at the much higher salary.

Mr. WILLIAMS of Delaware. Mr. President—

Mr. CLARK. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. In the case to which the Senator from Ohio has called attention—that of a former Member of Congress who served 4 years in the Congress and then worked in a Government department for 1 year—suppose during his 4 years of service as a Member of Congress he did not elect to come under the retirement system—for, after all, that is voluntary.

He goes downtown and he is compelled to come under the retirement system. Does he get credit for the 4 years in which he served in Congress for which he made no payments?

Mr. JOHNSTON of South Carolina. He would have to pay into the fund retroactively and pay the interest on that amount for the 4 years.

Mr. CLARK. The chairman of the committee is correct.

Mr. WILLIAMS of Delaware. Then he could not get credit for any service for which retirement payments were not retroactively paid back, plus interest. Is that true?

Mr. CLARK. That is correct.

Mr. President, I ask for the third reading of the bill.

The PRESIDING OFFICER. The second committee amendment will be stated.

The following committee amendments were stated:

On page 4, at the beginning of line 1, to strike out "(b)" and insert "(f)"; in line 2, after the word "Act", to strike out "(5 U.S.C. 2263(c))"; on page 5, line 4, after the words "lump-sum", to insert "leave"; after line 23, to insert a new section, as follows:

"Sec. 2. Section 403 of the Civil Service Retirement Act Amendments of 1956 (70

Stat. 760; 5 U.S.C. 2251 note) is amended by adding at the end thereof the following sentence: 'In the case of any Member separated from service before October 1, 1956, with title to a deferred annuity, the deferred annuity may begin at the age of sixty years if the Member had completed at least ten years of Member service, but no annuity shall be paid under this sentence for any period prior to the first day of the first month which begins after enactment thereof.'"

On page 6, after line 8, to insert a new section, as follows:

"Sec. 3. (a) Section 2(2) of the Act of June 25, 1958 (Public Law 85-465; 72 Stat. 219), is amended to read as follows:

"(2) who (A) died before February 29, 1948, or (B), if retired under the Alaska Railroad Retirement Act of June 29, 1936, as amended, or under sections 91 to 107, inclusive, of title 2 of the Canal Zone Code, approved June 19, 1934, as amended, died before April 1, 1948; and"

"(b) Section 4 of such Act of June 25, 1958, shall apply to annuities authorized by this section.

"(c) An annuity provided by this section shall commence August 1, 1958, or on the first day of the month in which application therefor is received in the Civil Service Commission, whichever occurs later."

At the beginning of line 24, to change the section number from "2" to "4"; and in line 25, after the word "by", where it occurs the second time, to strike out "the first section of".

The amendments were agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be offered, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question now is, Shall the bill pass?

Mr. LAUSCHE. Mr. President, I shall vote against the bill. There are certain aspects of it with which I agree. There are others with which I am in violent disagreement. I do not hesitate to state that, in a substantial degree, it has provisions which give to Members of Congress greater rights than are given to the ordinary employees of the Federal Government. While only one class of persons is covered by the change of the retirement age from 62 to 60, the fact is that the ordinary Federal Government employee must reach the age of 62, as distinguished from the age of 60 applicable to Members of Congress. That is the answer which was just given to me by the Senator from Pennsylvania.

I do not believe that Members of Congress are entitled to any better rights than those of the lowest-paid worker on the United States payroll. In principle I disagree with such a provision, and will therefore vote against the bill.

Mr. JOHNSTON of South Carolina. Mr. President, I want to correct one statement. We are getting nothing but what we pay for. We are paying 8½ percent of our salaries into that fund. Downtown they pay only 6½ percent.

Mr. CLARK and Mr. WILLIAMS addressed the Chair.

Mr. LAUSCHE. Mr. President, I had the floor. Let me say to the Senator from South Carolina that a Congressman

pays 8½ percent for 4 years of service on \$22,500.

Mr. WILLIAMS of Delaware. Mr. President, if the Senator will yield, I wish to correct the Senator from South Carolina. We pay only 7½ percent.

Mr. JOHNSTON of South Carolina. That is correct. We pay 1 percent more than other Federal employees do. When that difference is multiplied over the years, it will be seen that we have paid for the greater benefits.

Mr. LAUSCHE. But the Senator from South Carolina does not recognize the fact that this proposal is intended to give retirement pay to Congressmen who are lame ducks, and who take Government jobs at reduced pay, but who are compensated in retirement on the basis of the pay of a Congressman.

Mr. JOHNSTON of South Carolina. It is true that they take jobs at reduced pay, but in most instances it is almost the same pay, if the Senator will look into that question.

Mr. LAUSCHE. Why do we differentiate and make the retirement age 60 for Congressmen, but 62 for the ordinary Government employee?

Mr. JOHNSTON of South Carolina. Because when one multiplies the rate at which we pay in our share of the retirement fund, it will be found that we reach the maximum that much sooner.

Mr. LAUSCHE. At the end of 5 years a Member of Congress is entitled to retire, and he gets that retirement pay for the rest of his life.

Mr. JOHNSTON of South Carolina. We must also take into consideration the age at which ordinarily one is elected to Congress, and also the fact that many Members of Congress serve after attaining the age of 70 or 75. All those factors are taken into consideration in arriving at the retirement formula. A Government employee downtown must retire at a certain age. It is not mandatory for a Senator or a Representative to retire at a certain age. There is now a Member of Congress who is paid up. If he were employed in the Government downtown, he would have to retire, but this Member of Congress is still paying and he cannot retire. Government employees downtown can do so. They can get another job. That is the difference.

Mr. LAUSCHE. That is true, but we are showing a desire to place those who are removed from Congress in a position where they can get a lower paying job, but in the calculation of their retirement pay, they will have the same retirement payments as those received by Members of Congress. In my opinion, if we in this Congress are going to eliminate from the American public and businessmen their great penchant for payola and other such philosophies, we must be the first ones to set the example and make sure that we are not doing for ourselves that which we are unwilling to do for others. For that reason I shall vote against the bill.

Mr. JOHNSTON of South Carolina. Mr. President, I wish to point out that the retirement fund has accumulated more than \$8 billion.

Mr. LAUSCHE. My recollection is that the figures show the fund is prac-

tically insolvent; that when one approaches it from an actuarial standpoint, it is correct to argue that we have not paid enough money into the fund. I do not know whether the Senator from Delaware is acquainted with those facts.

Mr. JOHNSTON of South Carolina. The reason for such a condition is that hundreds of thousands of employees were blanketed into the system when we started it, and after World War II all civil service employees who had served in the Armed Forces were given credit for that service without having to pay 1 red cent. Those factors have had a tendency to make the fund insolvent; but we can continue for years and years before the fund becomes insolvent.

Mr. CLARK. Mr. President, may I say, as a member of the Committee on Civil Service and Post Office in charge of the bill on the floor, that while I have enjoyed the colloquy with the Senator from Delaware and the Senator from Ohio, and while I think they have brought out some valuable points in the discussion, I am still firmly of the belief that this is a just bill and should pass.

Mr. WILLIAMS of Delaware. Mr. President, I merely want to associate myself with the position taken by the Senator from Ohio in opposition to the bill. We cannot escape the fact that the main purpose of the bill is to increase retirement benefits of Members of Congress and congressional employees. It does not increase the benefits of other Federal employees. As the Senator from Ohio has pointed out, it would grant a special privilege for Members of Congress and our employees. It would lower the age of retirement for former Members of Congress with 10 years' service. They could, under this bill, retire at the age of 60 instead of waiting until the age of 62, as provided in existing law.

We would do this for Members of Congress or former Members of Congress only. We would not extend this to all Government employees or former Government employees.

We cannot escape the fact that the main objective would be to increase the formula under which all congressional employees as well as all Members of Congress compute their annuity after 15 years of service. Under existing law, if a congressional employee who has had 15 years of service on Capitol Hill goes downtown to seek employment and we assume he works 10 years for this Government agency, his retirement benefit would be computed on the basis of 2½ percent for the 15 years of service on Capitol Hill, plus 1½ percent for the first 5 years of service downtown and ¼ percent for the second 5 years of service. Under the bill now under consideration we would start with the 15 years at 2½ percent computation but would jump completely across the two notches of the 1½ percent and ¼ percent to 2 percent.

It may be said that there is not much difference between 1½ percent for 5 years and ¼ percent for the second 5 years compared to 2 percent for the same years, but when we reduce it to mathematics and work it out based on a

period of 30 or 35 years, with the multiplication it means a difference of 3 or 4 percent increase in the total retirement annuity. This then becomes a sizable item.

When we speak of changing the formula or raising the retirement benefits we had better stop to ask ourselves what we are going to do with the retirement system as it affects the other 2½ million employees. I do not think we have a right to pass a special privilege retirement bill for our own group.

If we extended the formula to all employees in the entire civil service system, by eliminating the 5 years at 1½ percent and the 5 years at ¼ percent, to make it as equitable a formula as we provide for ourselves, the cost would run into hundreds of millions of dollars annually.

I will not vote for a bill which singles Congress out for special favors.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. LAUSCHE. I wish the Senator would give his views as to the solvency of the fund, and whether we are each year rendering it more insolvent by the actions we are taking.

Mr. WILLIAMS of Delaware. I agree with the Senator from Ohio, except for one point. The retirement fund has been anchored into the Federal Treasury. While we appropriate the money, there is a commitment. If the fund does reach the point where it is insolvent, Congress will be compelled, under contractual arrangements with these employees, to appropriate the money. Except for the fact that the fund is anchored into the Federal Treasury, it could be said that the fund is insolvent.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? [Putting the question.]

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. I did not understand the count by the Presiding Officer.

The PRESIDING OFFICER. Without objection, the order for the quorum call is rescinded.

The bill having been read the third time, the question is, Shall it pass?

Mr. JOHNSON of Texas. Mr. President, I ask for a division.

On a division, the bill (H.R. 8241) was passed.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. JOHNSTON of South Carolina. Mr. President, I move to lay that motion on the table.

Mr. CLARK. Mr. President, I move that the motion be tabled.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the motion of the Senator from Texas to reconsider. [Putting the question.]

The motion to lay on the table was agreed to.

Mr. COOPER. Mr. President, I did not hear all of the debate, but I heard the remarks of the two distinguished Senators.

Mr. President, I ask it be noted in the Record that I voted against passage of the bill.

AMENDMENT OF CIVIL SERVICE RETIREMENT ACT

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1335, S. 2857.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2857) to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such act.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 2857) to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such act, which had been reported from the Committee on Post Office and Civil Service, with amendment, on page 2, after line 11, to insert a new section, as follows:

SEC. 3. Notwithstanding any other provision of law, refunds authorized by the amendment made by this Act shall be paid from the civil service retirement and disability fund.

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 11 of the Civil Service Retirement Act, as amended, is amended by adding at the end thereof a new subsection as follows:

"(h) There shall be refunded to an employee or Member retiring under this Act, or to the survivor of a deceased employee or Member, any amounts deducted and withheld from the basic salary of such employee or Member from the first day of the first month which begins after he shall have performed sufficient service (exclusive of any service which the employee or Member elects to eliminate for purposes of annuity computation under section 9) to entitle him to the maximum annuity provided by section 9, together with interest on such amounts at the rate of 3 per centum per annum compounded annually from the date of such deductions to the date of retirement or death."

SEC. 2. The amendment made by this Act shall be effective only with respect to employees or Members separated from the service after the date of enactment of this Act.

SEC. 3. Notwithstanding any other provision of law, refunds authorized by the amendment made by this Act shall be paid from the civil service retirement and disability fund.

Mr. JOHNSON of Texas. Mr. President, this bill amends the Civil Service Retirement Act to authorize a refund of

contributions in excess of an amount necessary to purchase maximum benefits payable under the act.

The Civil Service Retirement Act limits annuity payments to 80 percent of the high 5 consecutive year average salary in the case of employees and 80 percent of the final salary in the case of Members. Under present computation formulas employees attain the maximum benefit payable under the act after approximately 42 years of service and Members after approximately 32 years of service. A combination of the different types of service would result in attaining the maximum at any point between 32 and 42 years of service.

Contributions beyond such point purchase no additional annuity benefits. Accordingly, the bill provides for a refund of all retirement contributions made after the month in which an employee or Member obtained sufficient service to entitle him to the maximum benefits payable under the act. Benefits are prospective only and would be payable upon separation either on retirement or death.

The employee who remains in the service after he has earned the maximum annuity is a bargain in several respects. His services cost only 20 percent, as he could get 80 percent for not working, and yet because he continues in the service he draws nothing from the retirement fund. Viewed in this light, it seems reasonable that he should not be required to continue payments to the retirement fund which purchase no additional benefits.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. WILLIAMS of Delaware. Mr. President, I know the Senator from Ohio, [Mr. LAUSCHE] wished to be present when the bill was discussed. I think the Senator will be in the Chamber in a moment. I therefore suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the committee amendment.

Mr. WILLIAMS of Delaware. I notice the Senator from Pennsylvania is present. Is the Senator from Texas going to explain the bill?

Mr. JOHNSON of Texas. I have explained the bill. I should like to have the committee amendment acted on, if the Senator will permit.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. LAUSCHE. Just a moment, Mr. President.

Mr. WILLIAMS of Delaware. Mr. President, I should like to have some answers to certain questions before we vote.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. JOHNSON of Texas. The bill would limit the annuity payments to the 80 percent. If the employee were entitled to receive more than that percent there would be a refund of contributions.

I have read the entire statement in the report. I did that before the Senator suggested the absence of a quorum. If the Senator has the report before him, he will find that the situation is explained in the first three paragraphs of the statement. I discussed this subject with the Senator previously. I have no doubt that he thoroughly understands what is in the bill.

Mr. WILLIAMS of Delaware. I told the Senator from Texas that I had no objection to the objective of the bill, but I am not so sure it is that simple. I am not too sure that it does not go beyond the stated objective. There is under the law a limitation in the amount of annuity which a Member of Congress or any other employee can get. As I understood the bill, it was originally presented on the basis that it would take care of a special situation which existed as the result of what I think is an unintentional error in the mathematical formula. A Member may reach the maximum point where he has already earned and established credit for the maximum annuity, but under the present formula if he continues serving in the Congress he continues to pay into the fund, but his retirement annuity goes down under a sliding scale. I thought it was the purpose of the bill to correct that situation, and on that point I am in agreement.

Mr. JOHNSON of Texas. As I understand the bill, reading from the committee report—

The Civil Service Retirement Act limits annuity payments to 80 percent of the high 5 consecutive year average salary in the case of employees and 80 percent of the final salary in the case of Members. Under present computation formulas employees attain the maximum benefit payable under the act after approximately 42 years of service and members after approximately 32 years of service. A combination of the different types of service would result in attaining the maximum at any point between 32 and 42 years of service.

Contributions beyond such point purchase no additional annuity benefits. Accordingly, the bill provides for a refund of all retirement contributions made after the month in which an employee or Member obtained sufficient service to entitle him to the maximum benefits payable under the act. Benefits are prospective only and would be payable upon separation either on retirement or death.

The employee who remains in the service after he has earned the maximum annuity is a bargain in several respects. His services cost only 20 percent, as he could get 80 percent for not working, and yet because he continues in the service he draws nothing from the retirement fund. Viewed in this light, it seems reasonable that he should not be required to continue payments to the retirement fund which purchase no additional benefits.

Mr. WILLIAMS of Delaware. As I understand it this condition results un-

der existing law from conditions under which we passed the Retirement Act for Members of Congress in 1946. At that time Members of Congress were given credit for all prior service, service with respect to which they may or may not have made any payment. Furthermore, even if they paid the back assessments they did not pay the rates they are paying today.

I am not objecting to the action taken then; I am merely calling attention to the fact that Congress has already been generous.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. MONRONEY. I know the Senator wishes to be accurate, but every Member of Congress who was brought into the retirement system was to pay into the fund, before he could draw anything out, exactly the same ratio which existed for payments to the retirement fund by civil service workers up to that point. After the passage of the Congressional Retirement Act we paid more, because our retirement was at the rate of 2½ percent, as against the 1½ percent annual rate of retirement accumulation under normal civil service.

We have frequently increased the cost. The distinguished Senator from Delaware has been active in helping us to do so. On the same principle, I was insisting that if we were to have the highest 5-year average, we should increase our contributions to 7½ percent.

I have read the report. I was in the committee when the bill was reported. The bill would merely refund the amount which has been paid in by a Senator when he pays in beyond the 32 years for which he can get credit for service. I am sure we do not want to hold that money beyond that time, because he has already fulfilled his payment obligations toward retirement, and has accumulated enough credits to provide for 80 percent of his highest 5-year average, on the basis of which he is entitled to draw his retirement. I do not think we want to be unfair and say to him, "You have already reached your maximum retirement because of your service, but because your people choose to keep you here longer, you must continue to pay in."

The man is actually working for only 20 percent cost to the Government, because he could be retired at 80 percent. Why should he then be required to pay—which he would be required to do—another 7½ percent every year for benefits which he is not accumulating?

Mr. WILLIAMS of Delaware. That is true only because of the fact that we blanketed in a number of Members of Congress when congressional salaries were lower and rates were lower. I would be willing to amend the law so that when a Member reaches the retirement benefit of 75 or 80 percent, it shall be frozen. I do not object to the point that is made that they are required to continue to pay in. We are paying in only for service previously earned. It is proposed to allow a Member of Congress to obtain a refund of certain con-

tributions, but we are not proposing to extend that privilege to the 2½ million civil service employees.

I need cite no other example than that of the late James W. Murphy, in the Office of Official Reporters of Debates, who had more than 50 years' service in the Government. He could have retired at any time he wished during the past several years. He had earned his maximum retirement, 80 percent of his salary. However, he was required to pay into the fund up to the very day he passed away because he worked until the end.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. JOHNSTON of South Carolina. Let me explain that when, in 1946, we amended the Retirement Act, a Senator or a Member of the House did not have to come into the system unless he desired to do so, but if he did wish to come in he had to pay up for the back years at the proper rate. At first the rates were the same for Members and employees.

Mr. WILLIAMS of Delaware. The Senator is in error in one respect. When the Congressional Retirement Act was passed in 1946, it was not mandatory that a Member pay in for previous years, and he could still get credit at a reduced rate for the prior years.

Mr. JOHNSTON of South Carolina. He did if he wished to get credit, or a reduction was made in his benefits on the same basis as in the case of an employee.

Mr. WILLIAMS of Delaware. The member could have elected to come in under the Retirement Act and take a reduced rate of credit for the prior service, paying in nothing.

Mr. JOHNSTON of South Carolina. That is true for both members and employees. In the event he did not pay up for past service he would not get full credit.

Mr. WILLIAMS of Delaware. Yes.

Mr. JOHNSTON of South Carolina. No; not 1 cent. I was here when the law was enacted. I know what I could have done at that time.

Mr. WILLIAMS of Delaware. All I have to say is that the Senator had better consult the Civil Service Commission for there was some credit without full payment. I read from page 3 of the committee report. I continue reading where the Senator from Texas left off, near the middle of page 3, wherein the Civil Service Commission points out the inequity of the committee bill:

A recent retirement case, by no means unusual, points up the problem. After 47 years and 6 months of service, the employee retired at age 66 with an average salary of \$6,494. His retirement deductions total \$6,213 which with interest as provided by the Retirement Act, give a lump-sum credit, or guaranteed return, of \$8,991. His annuity is \$405 per month and, if his wife survives him, she will receive \$216 per month. The value of these annuities at retirement was \$55,800 of which his own deductions plus interest provide 16.1 percent. It would not appear that retirement deductions in this and similar cases have been excessive.

Of additional interest here is the fact that this retiree had 8 years' and 3 months' non-

deduction service prior to August 1, 1920. From that date to June 30, 1930, covering his first 18 years and 2 months of service, he paid only \$589.70 in retirement deductions. The deductions which would have been refunded if S. 2857 had been enacted prior to his retirement, covering his last 5 years and 7 months of service, total \$2,245 without interest and \$2,426 with interest. The former amount represents over one-third of his total deductions without interest and nearly four times as much as he contributed in his first 18 years and 3 months of service. It is noted that in this case the 5-year average salary would be computed entirely on service for which no deductions would be left in the fund if retired after enactment of S. 2857.

For the previously cited reasons, present employees with long service stand to gain the biggest bargains from the retirement system. The young employee, faced with 6½-percent deductions throughout his entire period of service will pay for a much greater portion of his benefits than the employee who is now eligible to retire. We cannot see any inequity in the continuance of deductions after the point in service where the 80-percent maximum is reached.

The Commission, therefore, recommends that this bill not be passed because it would give a special benefit to several Members of Congress. It would give them an additional payment from the civil service retirement fund which in some cases would amount to large sums. This is the kind of bill Senators are being asked to vote for. I do not think it can be justified.

I believe in a sound retirement fund, but I do not believe that we should sit here and, as was done only a few minutes ago, enact a bill to give ourselves special benefits. This is the second special-privilege bill today.

We come to Congress at our own discretion. We go around our States pleading with our constituents to send us back; therefore, we must not pity ourselves. We can quit at any time we want to. As a matter of fact, perhaps many people would want to have some of us do just that. Our being here is not any excuse to vote ourselves any special benefit which we cannot afford to give to other employees. I continue to read from the report:

The interest provision in S. 2857 is completely unrealistic. No interest is payable on refunds made under the provisions of the Retirement Act of 1956 (Public Law 85-854) beyond December 31, 1956, if the employee or Member has over 5 years' civilian service. The justification for this provision is that the employee who completes 5 years' civilian service acquires a vested right to a future annuity, which annuity was materially liberalized by the 1956 act. The nonaccrual of interest after December 31, 1956, represents a small premium for this annuity protection and, when appropriate, survivor protection. As the employee or Member now pays such a small percentage of the value of future annuity for coverage, there is no justification for further decreasing the payment unless the ultimate goal is to make the system completely noncontributory.

We cannot expect to pass this kind of retirement bill, giving ourselves special benefits, and then to turn around and tell 2½ million employees of the Government, "Well, we have taken care of ourselves, but we have used all the money, so you will have to take care of your-

selves." Then, again, how about the taxpayers?

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. LAUSCHE. To what interest did the Civil Service Commission object? Was it the compound interest at the rate of 3 percent per annum?

Mr. WILLIAMS of Delaware. They would not subscribe to either the refund or the interest arrangement. They take the position, and properly so, that we should continue to pay into the fund as long as we are on the payroll.

As the Senator from South Carolina pointed out, there are persons, Members of Congress and employees who as a result of their length of service have established their maximum retirement benefits but who, if they continue to work, must continue to pay in the additional contributions, and yet, they will get no additional benefits.

However, on the other hand, that only goes to offset some of the additional benefits which have been given to these same Members of Congress as well as employees when the original retirement law was enacted. It goes to offset some of the cost factors which the Senator from Ohio has pointed out, under which we compute the retirement on the basis of the highest 5 years rather than on the average of the salary received through the period of Government service. If our retirement benefits were computed on the basis of the average salary, taking into consideration the high and the low salaries, there could be some merit to the bill. If the retirement maximum had been reached on the basis of actual contributions, that would be another situation, but that is not true. The benefit is computed based on the 5 highest years, and in the years of low salaries the beneficiaries are not paying their full share of the cost of the annuities.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. MONRONEY. I joined the Senator from Delaware at the time we held up the bill, to require an additional level of payments and deductions. The Senator will remember that fight. I joined him in it. At that time the Senator said, and I agreed with him, that we should raise the rate beyond what the normal civil service workers paid, and it was put at 7½ percent. That rate was agreed on.

At this late date, I do not believe, as a matter of fairness, we should say that the 7½ percent deductibility is perfectly all right if a man retires after 32 years, but that his colleague, who reaches the peak of his service in Congress and goes on beyond the 32 years, where his experience and seniority in his position are more important, cannot increase his retirement one iota, when he could retire with 80 percent, without turning a hand. Therefore, I do not see any fairness in the Senator's position, if it permits a man to retire after 32 years of service without any penalty being imposed upon him; whereas if he works for 40 years, we say to him, "We are going to clip you

on your salary, but we will give you no credit for it."

The 7½-percent rate was agreed to as the maximum to take care of the 5 years of highest salary. Let us not now go back, 4 years later, and say that we will penalize 2 or 3 Members and make them work for 7½ percent less than the rest of us will be working for.

Mr. WILLIAMS of Delaware. The only reason such persons are in that situation is because in 1946 they were given back credit for service for which they did not pay. They are paying now to offset that generous factor.

There is one objective of this bill which I have discussed with several Members and with which I am in agreement that it is inequitable. If the bill is confined to a correction of that situation, I will support it.

The Civil Service Commission has suggested an amendment to the Retirement Act which I will support, and I hope the committee will take that amendment as a substitute for the bill. It would freeze the retirement annuity at the maximum, but it would require the Members to continue to pay into the fund. It would correct the formula whereby under existing law it automatically reduces the annuity the longer a Member serves. There is inequity on this point, but I do not think we can correct it by in effect giving Members of Congress a bonus. If we keep on giving these bonuses the result will be that the check a man will get in retirement will be nothing more than a relief check. The Members should be required to pay into the fund for what they expect to receive in annuities.

In this connection I should like to have placed in the RECORD the complete letter from the Civil Service Commission in which they point out the inequity of this bill and the unfair advantages that would go to the Members of Congress if the bill is enacted, as well as the letter dated May 3, from the Director of the Bureau of Retirement and Insurance of the Civil Service Commission, addressed to Mr. Robert Brenkworth, of the U.S. Senate, in which he points out that an amendment, which I intend to offer as a substitute for the bill, would remove the existing inequity in the law. This is what the committee claims it is trying to correct in the proposed legislation, and it is a point upon which I am in agreement. But I point out that it is not corrected in the bill before us. The pending bill would still continue the minor inequity, but it does give substantial and unjustified benefits elsewhere. I think the bill should be either amended or defeated.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Delaware?

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., March 16, 1960.

Hon. OLIN D. JOHNSTON,
Chairman, Committee on Post Office and Civil Service, U.S. Senate, New Senate Office Building.

DEAR SENATOR JOHNSTON: This refers further to your letter of January 21, 1960, re-

questing Commission report on S. 2857, a bill to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such act.

This bill proposes to amend section 11 of the Retirement Act to allow a refund of retirement deductions withheld after the month in which an employee or member accrues sufficient creditable service to entitle him to the maximum benefit payable under the act. It also proposes to pay 3 percent interest (compounded annually) on any such refund computed from the date of deductions to the date of retirement or death. The proposal is prospective only.

The Retirement Act currently limits annuity payable to retirees at 80 percent of high 5 average salary, except retiring members who are limited to 80 percent of final salary. Employees with high 5 annual salary exceeding \$5,000 attain the 80-percent level with 41 years 11 months creditable service and congressional employees with 38 years 2 months service, if they have 15 years military and congressional service. Employees reach the 80-percent limitation with somewhat less service if annual salary is below \$5,000. Members attain the 80-percent limit with 32 years service if it is all member and creditable military service and their high 5 and average salary are the same. Section 6(c) law-enforcement eligibles attain it with 40 years service.

However, it does not follow that there is no further increase in annuity once this period of service is completed. In practically every case, additional service increases average salary, thereby raising the dollar amount of the 80-percent limitation. It is true that the annuity does not increase as much as in short-service cases. The latter gets the benefit of both additional service credit and higher average salary but the fact remains that the second of these factors operates for the long-service employee.

The Retirement Act provides an annuity computation formula based upon years of service and average salary. Average salary is computed using the highest 5 consecutive years of creditable service which today is normally the last 5 years' service. Enactment of S. 2857 would, therefore, require computation of the average salary in long-service cases either in whole or in part on service which provided the highest basic salary rates of a person's career and for which the bill would authorize refund of retirement deductions. Continued employment after reaching the 80-percent annuity level is therefore advantageous. Promotions, pay raises, and periodic and longevity increases all raise the amount of annuity which will be drawn on retirement.

In addition, the retiree is given full credit for all periods of free or nondeduction service, that is, civilian service performed prior to August 1, 1920, and creditable military service whenever performed. Employees must make contributions to the fund for all periods of civilian service beginning on or after August 1, 1920, or the annuity is slightly reduced. Upon enactment of this proposal, a refund of the deductions taken during an employee's most recent civilian service over the maximum would be made even though periods of free service are included and contributions were not made to the retirement fund for as many years as (or more than) he is given service credit.

Further, deduction rates for all employees and Members have been gradually increased from the original 2½ percent to the present 6½ percent for employees and 7½ percent for Members in order to pay for the increased benefits and coverage now provided. This proposal would refund deductions taken at the highest rates while still awarding current liberal benefits and coverage. This is

obviously inequitable and discriminatory from the view of a short-service employee. Short-service employees get the same benefits and coverage but have to pay the full price for them. They receive smaller annuities because they have fewer years of service but may pay as much or more than the long-service employees who would have part of their deductions refunded.

A recent retirement case, by no means unusual, points up the problem. After 47 years and 6 months of service, the employee retired at age 66 with an average salary of \$6,494. His retirement deductions total \$6,213 which with interest as provided by the Retirement Act, gave a lump-sum credit, or guaranteed return, of \$8,991. His annuity is \$405 per month and, if his wife survives him, she will receive \$216 per month. The value of these annuities at retirement was \$55,800 of which his own deductions plus interest provide 16.1 percent. It would not appear that retirement deductions in this and similar cases have been excessive.

Of additional interest here is the fact that this retiree had 8 years' and 3 months' non-deduction service prior to August 1, 1920. From that date to June 30, 1930, covering his first 18 years and 2 months of service, he paid only \$569.70 in retirement deductions. The deductions which would have been refunded if S. 2857 had been enacted prior to his retirement, covering his last 5 years and 7 months of service, total \$2,245 without interest and \$2,426 with interest. The former amount represents over one-third of his total deductions without interest and nearly four times as much as he contributed in his first 18 years and 3 months of service. It is noted that in this case the 5-year average salary would be computed entirely on service for which no deductions would be left in the fund if retired after enactment of S. 2857.

For the previously cited reasons, present employees with long service stand to gain the biggest bargains from the retirement system. The young employee, faced with 6½-percent deductions throughout his entire period of service will pay for a much greater portion of his benefits than the employee who is now eligible to retire. We cannot see any inequity in the continuance of deductions after the point in service where the 80-percent maximum is reached.

Under current law, the long-service employee can "beat" the 80-percent limitation. He can retire, become reemployed on a full-time basis for at least 1 year, and receive supplemental annuity on later separation which is computed on his full-time service as a reemployed annuitant, independently of the 80-percent limitation.

The interest provision in S. 2857 is completely unrealistic. No interest is payable on refunds made under the provisions of the Retirement Act of 1956 (Public Law 85-854) beyond December 31, 1956, if the employee or Member has over 5 years' civilian service. The justification for this provision is that the employee who completes 5 years' civilian service acquires a vested right to a future annuity, which annuity was materially liberalized by the 1956 act. The nonaccrual of interest after December 31, 1956, represents a small premium for this annuity protection and, when appropriate, survivor protection. As the employee or Member now pays such a small percentage of the value of future annuity for coverage, there is no justification for further decreasing the payment unless the ultimate goal is to make the system completely noncontributory.

Thus, this bill would create inequities, make unwarranted gifts, and to some degree injure the stability of the retirement fund. At present, it is in the employee's interest to remain in the service beyond the time the 80-percent annuity is earned. As hereinbefore indicated, the long-service employee now enjoys a preferential position, and we see no reason for making it more so.

For the foregoing reasons, the Commission recommends that adverse action be taken on this bill. Cost figures are not offered for this bill because we have no basis for computing them. The facts and circumstances of each case are so different that any attempt to arrive at a total would be futile. There would be an increased cost borne entirely by the Government, in every case consisting, as a minimum, of the amount of the refund interest; in the great majority of cases, such cost would consist of the total refund amount.

It is noted that the bill does not provide an exception to the restriction on the use of the retirement fund imposed by the paragraph headed "Civil Service Retirement and Disability Fund" in section 101 of title I of the act of August 28, 1958, Public Law 85-844 (72 Stat. 1064).

The Bureau of the Budget advises that there is no objection to the submission of this report to your committee.

By direction of the Commission:

Sincerely yours,

ROGER W. JONES,

Chairman.

MAY 3, 1960.

MR. ROBERT A. BRENKWORTH,
Financial Clerk, U.S. Senate.

DEAR BOB: This refers to your request for technical assistance and advice regarding an amendment to the Civil Service Retirement Act which is being considered for introduction. As I understand it, the proposed amendment would change that portion of section 9(f) after the word "unpaid," to read "except that no such reduction shall be made with respect to any period of service or any portion of a period of service which the employee or Member elects to eliminate for annuity computation purposes."

You are correct that an employee or Member of Congress may find himself faced with the proposition that further continuance in service will result in his receiving a slightly smaller annuity than that payable upon current separation. This involves a case where the 80-percent ceiling has already been attained, the high-5 average salary will not be increased by the additional service, and the individual has not made deposit for a period of nondeduction service.

The following situations involving a Member of Congress will illustrate the point:

1. Assume the Member was appointed January 3, 1929, elected retirement coverage effective January 3, 1947, and serves continuously to January 2, 1961, when he retires at age 60 (or older) without having deposited the \$15,030 due for service up to January 2, 1947; his life annuity would be \$1,375 a month without, or \$1,500 with, the deposit being effected.

Should this Member continue to serve until January 2, 1963, the deposit figure will (with interest) have increased to \$15,932, resulting in a monthly annuity of only \$1,367 after reduction for nondeposit or the maximum of \$1,500 with deposit of the larger figure; the proposal would allow him to eliminate the 2 years not actually necessary for maximum annuity (January 3, 1945, to January 2, 1947), with resultant deposit figure of \$14,128 and corresponding annuity rate of \$1,382 or \$1,500.

2. Assuming appointment January 3, 1927, retirement coverage January 3, 1947, and retirement January 2, 1961, at age 60 or beyond, the Member would similarly be entitled to \$1,500 monthly annuity with deposit for service up to January 2, 1947. Failure to make this deposit of \$17,213 would produce a \$1,357 rate, while elimination of the 1945-47 period would lower the deposit to \$15,499 and permit award of \$1,371 a month.

Enactment into law of cited wording would accomplish your desired objective.

Sincerely yours,

ANDREW E. RUDDOCK,
Director.

Mr. LAUSCHE. Mr. President, I should like to ask some member of the committee a question. Why does the bill propose to pay back the surplus payments at the rate of 3 percent interest per annum compounded? I have an aversion to compound interest. I simply cannot understand on what theory it is believed the excess payments should be returned with interest compounded at the rate of 3 percent a year.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. JOHNSTON of South Carolina. There are two reasons. One is that the interest becomes a part of the principal at the end of the year. Naturally, it is nothing but right to pay it.

Mr. LAUSCHE. I do not believe the Senator from South Carolina has answered my question. I was on the bench for 10 years, and the idea of allowing compound interest would have been obnoxious to me, as I think it would be to any person who sits in a judicial capacity.

It is anathema to justice, and never should be approved.

I simply cannot see the justification of saying that these funds shall be paid back with compound interest.

Mr. President, I move that on page 2, line 7, the bill be amended by putting a period after the word "annum," and striking all of the language thereafter on lines 7 and 8.

The PRESIDING OFFICER. The committee amendment is pending. The amendment offered by the Senator from Ohio will be in order as soon as the committee amendment has been acted on.

Mr. LAUSCHE. Then I withdraw my amendment at this time.

Mr. CLARK. Mr. President, may I ask the Senator from Ohio and the Senator from Delaware if, in the interest of orderly procedure, we may have the committee amendment approved now, so that we can then take up the amendment of the Senator from Ohio?

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. LAUSCHE. Mr. President, I offer an amendment on page 2, line 7, to strike the two words "compounded annually".

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio.

Mr. MONRONEY. Would the Senator from Ohio feel that the payment of compound interest on building and loan association, savings bank, and trust company deposits was wrong? Would he feel that the payment of compound interest on almost every other kind of savings was not proper?

Mr. LAUSCHE. I will yield for a question. If that is a question, I will answer it.

I unequivocally and vigorously state that within my concept of justice compound interest is never right.

Mr. MONRONEY. Then the Senator from Ohio should go before the Committee on Banking and Currency and move to repeal the laws which permit this custom in practically every phase of civilization. A person deposits his money and lets it remain. At the end of 6 months or whatever period is determined, the interest is computed on the principal, and much more is then on deposit.

If the Senator is attacking compound interest as an evil, he should attack it as an evil in the general fiscal policy.

Mr. LAUSCHE. The propositions are entirely different. Here we are making a concession, by saying, "We will give back to you the payments which, under the law, you were obligated to make." We are conceding something. We are giving back to the person something to which, under the law, he is not entitled. In addition to giving back to him what he is not entitled to, we are saying, "We will pay compound interest."

Mr. MONRONEY. The Senator takes the position that the person is not entitled to compound interest. But if a person is overcharged, and the overcharge is paid back, then compound interest is fair compensation for the overcharge.

Mr. LAUSCHE. My answer is that when the actuaries established the fund, they knew that at times payments would come in which probably should not be kept. But they also knew that at times payments would go out which should not go out. On an actuarial basis, they comprehended that such conditions as this would probably exist.

May I ask the Senator from Pennsylvania whether he will accept my amendment?

Mr. CLARK. I should like to speak on the amendment on my own time.

Mr. LAUSCHE. I yield the floor.

Mr. CLARK. I think the amendment offered by the Senator from Ohio raises an interesting ethical question. He has made a strong case for his amendment. He says that we are doing a favor by returning this money, on death or separation, to individuals who have continued to pay into the fund after they could not possibly get any further increased benefits. I say we are not doing them a favor. We are merely rendering them simple and ordinary justice.

If the Senator is correct in his assumption that we are doing them a favor, then I think his opposition to the compound interest provision is probably well taken. But if the members of the committee are correct in feeling that we are doing ordinary justice to elderly Government employees and to Members of Congress by no longer requiring them to irrevocably pay into a fund money from which they cannot possibly get any benefit, then it seems to me that the interest they should get when the moneys which they nonetheless continued to pay are refunded to them, or to their estate, should be payable at the same kind of relatively low compound interest rates as they would get if they

placed the money in a savings fund and left it there.

If they deposited their money in a savings fund under present conditions, they would be able to get 3 percent interest, and that interest would be added to the principal of their deposit every 6 months—semiannually—and they would get compound interest on it, just as is provided in the bill.

So, with some regret, because I believe all the bill seeks is to do justice to elderly employees, and unless the chairman of the committee wishes me to do otherwise, I cannot accept the amendment.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. LAUSCHE. In the State of Pennsylvania, do the laws permit the rendering of judgments carrying compound interest?

Mr. CLARK. Oh, no.

Mr. LAUSCHE. They do not, because it is known that that is not morally conscionable.

Mr. CLARK. I think the Senator from Ohio could not be more wrong about that. I think the Senator is completely in error. There is absolutely no connection between a judgment rendered in a lawsuit and a deposit made in a bank by an individual who takes his hard-earned wages or salary and puts it out at interest, where he is certainly entitled, after 6 months, to have money earned on that investment recreated.

I can only say that I do not believe the Senator's analogy to a court case or a judgment has any possible bearing in this situation. I am sorry we disagree.

Mr. LAUSCHE. Is the Senator from Pennsylvania a sponsor of the measure advocated by the Senator from Illinois, which seeks to drive out of existence hidden and improper interest charges?

Mr. CLARK. I certainly am.

Mr. LAUSCHE. In principle, the same thing is involved in the granting of compound interest under the bill.

Mr. CLARK. I could not disagree more with the distinguished Senator from Ohio. I regret that I cannot agree with him. I think he is wrong. I regret that I cannot accept the amendment.

Mr. LAUSCHE. Mr. President, I suggest the absence of a quorum, and I ask for a yea-and-nay vote.

The PRESIDING OFFICER (Mr. Moss in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LAUSCHE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Ohio. [Putting the question.]

The "noes" appear to have it; the "noes" have it, and the amendment is rejected.

The bill is open to further amendment.

Mr. WILLIAMS of Delaware. Mr. President, I do not think the argument against the bill can be summed up in any better language than that used by the Civil Service Commission itself in the letter sent to the Committee on Post

Office and Civil Service. I refer to the letter signed by Roger W. Jones. I now read from the letter:

This proposal would refund deductions taken at the highest rates while still awarding current liberal benefits and coverage. This is obviously inequitable and discriminatory from the view of a short-service employee.

There is no question but that the bill is inequitable and is discriminatory in favor of the Members of Congress.

If the committee is willing to accept, as a substitute for the present language of the bill, the language recommended by the Civil Service Commission which would freeze these retirement benefits at the maximum level, once they reached that point, but at the same time would require continuing payments into the fund as long as they work, I shall support the bill. If not, I must oppose the bill.

The Civil Service Commission has recommended the following language: Section 9(f), after the word "Unpaid", to read—

Except that no such reduction shall be made with respect to any period of service or any portion of a period of service which the employee or Member elects to eliminate for annuity compensation purposes.

That language was the original proposal in connection with this bill. The language I have read just now would correct the presently recognized inequity but does so without giving special bonuses or cash refunds. If correcting this inequity is what the committee wishes to achieve and if the committee will accept that language as a substitute, I will support the bill. I shall support the language I have now proposed because I believe it will correct an inequitable situation. That is what all concerned said they wished to correct. If that was the only intention this substitute should be approved.

So, Mr. President, if the committee will accept this proposal as a substitute, and it is agreed to, I shall vote for the bill as thus amended. Otherwise, the bill should not pass.

Let me ask whether the Senator from Pennsylvania will agree to that.

Mr. CLARK. Mr. President, this bill is a very simple one which raises a very simple question on which reasonable men can disagree.

The bill provides that when a Federal employee or a Member of Congress has paid into the retirement fund enough money, so that if he died or quit the next day, he or his estate could not possibly receive any more retirement pay or annuity than the one he or his estate would have gotten the day before, and therefore there would be no benefit to him from continuing those payments, but if in that situation the Member or the employee should, nonetheless, continue to make payments until he died or retired, when he quit or when he died, he or his estate would get back the amounts he had paid in excess of any benefit to himself, in terms of retirement, plus interest compounded semiannually at the rate of 3 percent.

To state the matter simply, if a Member of Congress or an employee who retired today could receive 80 percent of

his salary as retirement pay, but if he nonetheless stayed on and continued to pay as before, the amounts he paid in excess of any benefit to himself would be refunded to him or to his estate, when he quit or died.

This bill seemed to the members of the Committee on Post Office and Civil Service to be merely simple justice.

We would have liked to provide that, once he paid up to 80 percent, his equity would be considered paid up, and he would not have to make any other payments. But so many technical complications were pointed out by the Civil Service Commission, in the event we attempted to work that out, that we took the other road, and provided that such a person would continue to pay, but later he would get them back. That seemed to us to be fair. But it did not seem to the Civil Service Commission to be fair; and the Commission wrote a long letter on the subject. The letter is included in the report, and thus is available to all Members of the Senate.

The committee disagrees with the Civil Service Commission; the committee thinks that its proposal will result in simple justice.

At this time the Senator from Delaware wishes us to begin all over again, and to use a very different provision, which he thinks more equitable than the one the committee thinks is perfectly all right.

Although I have great confidence in the ability of the Senator from Delaware and his great knowledge in this field, I regretfully must state, on behalf of the committee—unless the chairman of the committee, the Senator from South Carolina [Mr. JOHNSTON], who is on the floor at this time, disagrees with me—that I shall have to reject the proposal of the Senator from Delaware, because I do not believe that either the committee or any member of the committee staff understands it, and I believe we would have to make his proposal the subject of additional hearings.

The committee thinks the bill as reported is a fair one. But the Civil Service Commission and the Senator from Delaware disagree.

So I believe we should vote on our proposal, and thus should see whether our proposal will be supported by a majority.

Mr. WILLIAMS of Delaware. Mr. President, I realize that it always is dangerous to begin to amend on the floor of the Senate a bill dealing with the civil service retirement system. I have said so many times.

However, we have no alternative if the committee presses for action. This identical language has been before the committee. The committee may not have studied it, but it was available for study.

I will submit the amendment as a substitute, but I do not believe it is fair to ask any Member of the Senate to vote on the amendment until he has had a chance to study it.

So I respectfully request that the further consideration of the bill be postponed until tomorrow. If that is done, in the meantime Senators can study this amendment which is being offered

in the nature of a substitute. We can then proceed more intelligently toward further consideration of the bill.

Mr. JOHNSON of Texas. Mr. President, I ask for a vote.

Mr. WILLIAMS of Delaware. Mr. President, do I understand that the Senators prefer not to carry this over until next week?

Mr. CLARK. Mr. President, I regret to say I have no authority from the committee or the majority leader to carry it over until next week. I think we should act on it tonight.

Mr. WILLIAMS of Delaware. I would much prefer to have it carried over because even the Senator has said he has not had ample opportunity to study it, but if he wishes to complete action tonight I have no objection.

Mr. CLARK. I may say, with all due deference, I am very happy with the bill as it came from the committee.

Mr. WILLIAMS of Delaware. I am not; and I suggest the absence of a quorum—

Mr. JOHNSON of Texas. Mr. President, will the Senator withhold that request?

Mr. WILLIAMS of Delaware. I withhold it.

ORDER TO ADJOURN TO 9:30 A.M. TOMORROW—ORDER FOR LIMITATION OF DEBATE ON AMENDMENT OF HOUSE TO AREA REDEVELOPMENT BILL

Mr. JOHNSON of Texas. Mr. President, there is at the desk the area redevelopment bill of the Senate. I forget the calendar number, but I believe it is Senate bill 722.

The PRESIDING OFFICER. The Senator is correct.

Mr. JOHNSON of Texas. I have talked to the minority leader. We do not care to press for a vote this afternoon on a motion to concur in the House amendment, but we want to give notice to all Members of the Senate so they can be prepared to vote tomorrow.

It is agreeable to the minority leader that we come in at 9:30 in the morning, and that we have not to exceed an hour on each side on the motion to concur in the House amendment.

Therefore, I ask unanimous consent that when we adjourn today, we stand in adjournment until 9:30 a.m., tomorrow; that when we convene tomorrow, the Chair lay before the Senate, Senate bill 722; that when a motion to concur in the amendment is made, we have not to exceed 1 hour on each side.

Mr. WILLIAMS of Delaware. Mr. President, reserving the right to object, did I correctly understand the Senator from Texas to say he has cleared this matter with the minority leader?

Mr. JOHNSON of Texas. Yes.

Mr. COOPER. Mr. President, reserving the right to object, was the Senator from Texas referring to the area redevelopment bill?

Mr. JOHNSON of Texas. Yes.

Mr. COOPER. First, may I say I favor it, but I notice the Senator from Illinois is not present.

Mr. JOHNSON of Texas. I have discussed it with him.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Texas? The Chair hears none, and the unanimous-consent agreement is entered into.

The unanimous-consent agreement, as subsequently reduced to writing, is as follows:

Ordered, That on tomorrow (Friday, May 6, 1960), upon the convening of the Senate, the Presiding Officer lay before the Senate the amendment of the House of Representatives to S. 722, the Area Redevelopment Act, and that upon a motion that the Senate concur in the said amendment, debate be limited to 2 hours, to be equally divided between the proponents and the opponents and controlled by the majority and minority leaders, respectively. (May 5, 1960.)

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that further proceedings under the call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAMS of Delaware. Mr. President, do I correctly understand from the Senator from Texas that he is willing for this matter to go over to tomorrow, so the members of the committee can study the proposed substitute?

Mr. JOHNSON of Texas. No. I think every Senator who is going to study it has studied it before the Senator from Delaware brought it up. I understood the Senator had no objection to acting on it now.

Mr. WILLIAMS of Delaware. I have no objection, but if we are going to vote tonight, I will offer the amendment in the nature of a substitute to the bill.

Mr. JOHNSON of Texas. If the Senator from Delaware wants the yeas and nays, we will get them and notify all Senators to come to the Chamber. I think we have enough Senators present to have the yeas and nays ordered.

Mr. President, I ask for the yeas and nays on final passage.

Mr. WILLIAMS of Delaware. And the yeas and nays on the substitute.

Mr. JOHNSON of Texas. Has the Senator offered the substitute?

Wait a minute, Mr. President. I was asking for the yeas and nays on final passage.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CLARK. Have we not had the third reading of the bill?

The PRESIDING OFFICER. The third reading has not been had.

Mr. WILLIAMS of Delaware. Mr. President, is the Senator satisfied that this procedure is in order?

I offer an amendment in the nature of a substitute and ask to have it stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Delaware will be stated.

The CHIEF CLERK. It is proposed to offer an amendment, in the nature of a

substitute, to strike out all after the enacting clause and insert as follows in section 9(f) of the Civil Service Retirement Act, after the word "unpaid," the words, "except that no such reduction shall be made with respect to any period of service or any portion of a period of service which the employee or Member elects to eliminate for annuity computation purposes."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware.

Mr. WILLIAMS of Delaware. Mr. President, I ask for the yeas and nays on my amendment.

Mr. JOHNSON of Texas. Does not the Senator want to discuss it?

Mr. WILLIAMS of Delaware. Later.

Mr. JOHNSON of Texas. Mr. President, the Senator from Delaware has asked for the yeas and nays.

The yeas and nays were ordered.

Mr. WILLIAMS of Delaware. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

[No. 191]

Bartlett	Green	McClellan
Bennett	Gruening	Monroney
Bible	Hartke	Moss
Cannon	Hickenlooper	Muskie
Church	Hill	Prouty
Clark	Holland	Saltonstall
Cooper	Jackson	Thurmond
Dodd	Johnson, Tex.	Wiley
Douglas	Johnston, S.C.	Williams, Del.
Engle	Lausche	Yarborough
Frear	Long, La.	Young, Ohio
Goldwater	Lusk	
Gore	McCarthy	

Mr. JOHNSON of Texas. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Virginia [Mr. BYRD], the Senator from Mississippi [Mr. EASTLAND], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Arizona [Mr. HAYDEN], the Senator from Alabama [Mr. HILL], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Washington [Mr. MAGNUSON], the Senators from Montana [Mr. MURRAY and Mr. MANSFIELD], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Oregon [Mr. MORSER], the Senator from Wisconsin [Mr. PROXMIRE], the Senators from Georgia [Mr. RUSSELL and Mr. TALMADGE], and the Senator from Florida [Mr. SMATHERS], are absent on official business.

I further announce that the Senator from Minnesota [Mr. HUMPHREY], the Senator from North Carolina [Mr. JORDAN], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from West Virginia [Mr. RANDOLPH], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Missouri [Mr. SYMINGTON], are necessarily absent.

I also announce that the Senator from Missouri [Mr. HENNINGS] is absent because of illness.

I further announce that the Senator from Virginia [Mr. ROBERTSON], is absent because of a death in his family.

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES], the Senator from North Dakota [Mr. BRUNSDALE], the Senator from Connecticut [Mr. BUSH], the Senator from Maryland [Mr. BUTLER], the Senator from Nebraska [Mr. CURTIS], the Senator from Illinois [Mr. DIRKSEN], the Senator from Hawaii [Mr. FONG], the Senator from Nebraska [Mr. HRUSKA], the Senator from New York [Mr. KEATING], the Senator from South Dakota [Mr. MUNDT], the Senator from Kansas [Mr. SCHOEPPPEL], and the Senator from North Dakota [Mr. YOUNG], are necessarily absent.

The Senator from Indiana [Mr. CAPEHART] is absent on official business.

The PRESIDING OFFICER (Mr. Moss in the chair). A quorum is not present.

Mr. JOHNSON of Texas. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. AIKEN, Mr. ALLOTT, Mr. BEALL, Mr. BYRD of West Virginia, Mr. CARLSON, Mr. CARROLL, Mr. CASE of New Jersey, Mr. CASE of South Dakota, Mr. COTTON, Mr. DWORSHAK, Mr. ELLENDER, Mr. ERVIN, Mr. HART, Mr. JAVITS, Mr. KUCHEL, Mr. LONG of Louisiana, Mr. MARTIN, Mr. MORTON, Mr. PASTORE, Mr. SCOTT, Mrs. SMITH, Mr. STENNIS, and Mr. WILLIAMS of New Jersey entered the Chamber and answered to their names when called.

The PRESIDING OFFICER. A quorum is present.

AMENDMENT OF CIVIL SERVICE RETIREMENT ACT

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware [Mr. WILLIAMS]. The yeas and nays have been ordered.

Mr. WILLIAMS of Delaware. Mr. President, I shall not delay the Senate on this amendment if Senators wish to vote on it this evening, although I believe it would be an act of wisdom if we carried the matter over until tomorrow. I believe I can sum up what is contained in the bill by quoting from the letter of the Civil Service Commission as printed in the committee report:

Thus, this bill would create inequities, make unwarranted gifts, and to some degree injure the stability of the retirement fund.

There is another comment in the same letter which I should like to quote:

This proposal would refund deductions taken at the highest rates while still awarding current liberal benefits and coverage. This is obviously inequitable and discriminatory.

Throughout the report the Commission makes the point that we would be establishing a bad precedent if we passed the bill, which if carried over to include the 2½ million Federal employees would be very expensive. Certainly we are not going to establish an overgenerous formula which would be applicable only to Members of Congress.

I said in the beginning that when the bill was first introduced and referred to the Civil Service Committee there was merit in the objective which the bill sought to accomplish, because under existing law a Member of Congress can work for a number of years before he reaches the maximum of retirement credit. However, once he reaches that point, by a mathematical quirk under existing law, if that person works 1 additional year, during which time he continues to pay into the fund his same contribution, when he retires at the end of that year instead of getting the maximum he would get a reduced annuity.

It is unfair to let any Member of Congress or any Government employee work a number of years and establish his maximum retirement credit and then require him to continue to pay into the fund but get less for each year that he works thereafter.

That inequity certainly should be corrected, and the amendment I am offering in the nature of a substitute would correct it.

However, this amendment would prohibit the generous cash refunds provided in the committee bill.

Why should we vote Members of Congress what the Civil Service Commission has referred to as "unwarranted gifts"?

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. CARLSON. I believe there is merit in the contention of the Senator from Delaware, but I do not believe this is the place to correct the inequity he speaks of. I hope the House will correct it. We have discussed the matter in committee. If the amendment of the Senator from Delaware is not approved, I sincerely hope that the defect will be corrected. I think it can be corrected to the satisfaction of members of the Civil Service Commission and the members of the retirement fund. I thought I should give the Senator the benefit of my view.

Mr. WILLIAMS of Delaware. I thank the Senator. I have already indicated that when the committee approved the bill they were working toward the objective of curing an inequity. They go far beyond that point though, and the place to make the correction is right here when we vote.

The amendment which I am proposing will correct the inequity in the existing law. It would not carry over the provisions of the bill which would give cash bonuses and refunds to some Members of Congress plus full retirement credits.

The Civil Service Commission in its letter pointed out the hypothetical case where an employee can draw back a substantial part of his payments and still retain his full retirement credit. Surely that was not intended by the committee. If not, then let us correct it.

I quote again from the letter from the Civil Service Commission to the chairman of the committee wherein he points out:

Thus, this bill would create inequities, make unwarranted gifts, and to some degree injure the stability of the retirement fund.

I cannot conceive that any Member of Congress would want to make unwarranted gifts to Members of Congress or to injure the stability of the retirement fund.

This bill cannot be justified in its present form.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. ALLOTT. The Senator has proposed an amendment which is stated in a letter to which he has referred. Is that correct?

Mr. WILLIAMS of Delaware. Yes.

Mr. ALLOTT. Which I have just read. Am I correct in assuming that the amendment which the Senator is offering is offered for the entire subparagraph (h) beginning at line 6?

Mr. WILLIAMS of Delaware. The amendment is offered as a complete substitute. I have said that if we should carry over consideration of this bill until tomorrow, then the amendment could be properly studied and understood by all Senators. That would be the fair and sensible action to take. It is not fair to ask the Senate to legislate on an important bill like this without giving all Senators a chance to examine it carefully.

Mr. ALLOTT. But the Senator is offering the amendment as a complete substitute for subparagraph (h), which goes over to line 9 on the next page of the bill. Is that correct?

Mr. WILLIAMS of Delaware. Yes. It is offered as a substitute. It is an amendment in the nature of a substitute.

It would amend section 9(f) of the present act after the word "unpaid," to read: "except that no such reduction shall be made with respect to any period of service or any portion of a period of service which the employee or Member elects to eliminate for annuity computation purposes."

Under the bill as reported by the committee the Member of Congress would get a substantial cash refund over and above the maximum retirement benefits. Why? I do not believe that is the intention of the committee.

Again I ask to have this matter go over until tomorrow. As far as I am concerned, I am willing to vote on the amendment which has been offered in the nature of a substitute, but I think many Senators would like to study it further. This amendment would eliminate the possibility of giving a cash refund to a Member of Congress. That is the major difference.

Mr. CLARK. Mr. President, the committee, after very careful hearings, brought out the bill. It considered it a good bill. We still think it is a good and just bill. The chairman of the committee is present in the Chamber. I hope the Senate will support the bill.

The amendment of the Senator from Delaware was proposed for the first time this afternoon on the floor. I do not understand one word of it. I have asked the members of the staff if they understood it. They do not understand it. I have no doubt that my friend, the Senator from Delaware, understands it. I do not believe this is the way to legislate.

I believe I speak for the committee when I say that we hope the amendment will be rejected.

Mr. WILLIAMS of Delaware. The amendment was before your committee. It is my understanding it was discussed by several members of the committee. Whether they understood it or not I cannot say.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware.

Mr. SALTONSTALL. Mr. President, I should like to ask the Senator from Pennsylvania a question. Since the bill is a Senate bill, if it is passed by the Senate, it will go to the House.

Mr. CLARK. The Senator is correct.

Mr. SALTONSTALL. If a correction needs to be made in a difficult, technical matter of this nature, it can be made by the committee in the House, can it not?

Mr. CLARK. The Senator is correct.

The PRESIDING OFFICER. The yeas and nays have been ordered, and the clerk will call the roll.

Mr. WILLIAMS of Delaware. Mr. President, as I understand, the vote is on the amendment in the nature of a substitute.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware. The clerk will call the roll.

The legislative clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Virginia [Mr. BYRD], the Senator from Mississippi [Mr. EASTLAND], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Arizona [Mr. HAYDEN], the Senator from Alabama [Mr. HILL], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Washington [Mr. MAGNUSON], the Senators from Montana [Mr. MANSFIELD and Mr. MURRAY], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Oregon [Mr. MORSE], the Senator from Wisconsin [Mr. PROXMIER], the Senators from Georgia [Mr. RUSSELL and Mr. TALMADGE] and the Senator from Florida [Mr. SMATHERS] are absent on official business.

I further announce that the Senator from Minnesota [Mr. HUMPHREY], the Senator from North Carolina [Mr. JORDAN], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from West Virginia [Mr. RANDOLPH], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

I also announce that the Senator from Missouri [Mr. HENNINGS] is absent because of illness.

I further announce that the Senator from Virginia [Mr. ROBERTSON] is absent because of a death in his family.

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Mississippi [Mr. EASTLAND], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Missouri [Mr. HENNINGS], the Senator from Minnesota [Mr. HUMPHREY], the Senator from West Vir-

ginia [Mr. RANDOLPH], the Senator from Florida [Mr. SMATHERS], and the Senator from Missouri [Mr. SYMINGTON] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES], the Senator from North Dakota [Mr. BRUNSDALE], the Senator from Connecticut [Mr. BUSH], the Senator from Maryland [Mr. BUTLER], the Senator from Nebraska [Mr. CURTIS], the Senator from Illinois [Mr. DIRKSEN], the Senator from Hawaii [Mr. FONG], the Senator from Nebraska [Mr. HRUSKA], the Senator from New York [Mr. KEATING], the Senator from South Dakota [Mr. MUNDT], the Senator from Kansas [Mr. SCHOEPP], the Senator from Wisconsin [Mr. WILEY], and the Senator from North Dakota [Mr. YOUNG] are necessarily absent.

If present and voting the Senator from Nebraska [Mr. CURTIS], the Senator from New York [Mr. KEATING], and the Senator from Nebraska [Mr. HRUSKA] would each vote "yea."

The Senator from Indiana [Mr. CAPEHART] is absent on official business.

The result was announced—yeas 19, nays 38, as follows:

[Roll No. 192]

YEAS—19

Aiken	Cotton	Morton
Allott	Dworshak	Prouty
Beall	Goldwater	Saltonstall
Bennett	Hickenlooper	Williams, Del.
Case, N.J.	Javits	Young, Ohio
Case, S. Dak.	Lausche	
Cooper	Martin	

NAYS—38

Bartlett	Frear	Lusk
Bible	Gore	McCarthy
Byrd, W. Va.	Green	Monroney
Cannon	Gruening	Moss
Carlson	Hart	Muskie
Carroll	Hartke	Pastore
Church	Holland	Scott
Clark	Jackson	Smith
Dodd	Johnson, Tex.	Stennis
Douglas	Johnston, S.C.	Thurmond
Ellender	Kuchel	Williams, N.J.
Engle	Long, Hawaii	Yarborough
Ervin	Long, La.	

NOT VOTING—43

Anderson	Hill	Murray
Bridges	Hruska	O'Mahoney
Brunsdale	Humphrey	Proxmire
Bush	Jordan	Randolph
Butler	Keating	Robertson
Byrd, Va.	Kefauver	Russell
Capehart	Kennedy	Schoeppel
Chavez	Kerr	Smathers
Curtis	McClellan	Sparkman
Dirksen	McGee	Symington
Eastland	McNamara	Talmadge
Fong	Magnuson	Wiley
Fulbright	Mansfield	Young, N. Dak.
Hayden	Morse	
Hennings	Mundt	

So the amendment offered by Mr. WILLIAMS of Delaware was rejected.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. KUCHEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third

time. The bill was read the third time.

Mr. DWORSHAK. Mr. President, I ask for the yeas and nays on the passage of the bill.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

So the bill (S. 2857) was passed.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. KUCHEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SUSPENSION OF DUTIES ON CERTAIN LATHES FOR SHOE LAST ROUGHING OR FINISHING

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1305, H.R. 9862.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 9862) to continue for 2 years the existing suspension of duties on certain lathes used for shoe last roughing or shoe last finishing.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with an amendment on page 1, after line 8, to insert a new section, as follows:

SEC. 2. The Act entitled "An Act to amend the Tariff Act of 1930 to provide for the temporary free importation of casein", approved September 2, 1957 (71 Stat. 579; 19 U.S.C. 1001, par. 19 note), as amended by Public Law 86-405, approved April 4, 1960, is amended by striking out "July 1, 1960" and inserting in lieu thereof "June 30, 1963".

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. BENNETT obtained the floor.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Utah yield to me?

Mr. BENNETT. I am very happy to yield.

Mr. JOHNSON of Texas. I understand that the Senator from Indiana [Mr. HARTKE] has an amendment to submit. Does he intend to submit it?

Mr. HARTKE. Yes.

Mr. JOHNSON of Texas. I wonder whether we may have an indication of how much time will be required for consideration of the bill.

Mr. BENNETT. I think 10 minutes will be sufficient for my purpose.

Mr. HARTKE. I believe I shall need half an hour.

Mr. JOHNSON of Texas. Does the Senator from Indiana wish to have the yeas and nays ordered on the question of agreeing to his amendment to the committee amendment or on the question of the final passage of the bill?

Mr. HARTKE. I should like to have the yeas and nays ordered on the question of agreeing to my amendment to the committee amendment.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of June 8, 1960
86th-2d, No. 104

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HIGHLIGHTS: Senate began debate on wheat bill. Senate passed multiple use forestry management bill. Senate subcommittee voted to report housing bill. House conferees appointed on agricultural appropriation bill.

SENATE

1. WHEAT. Began debate on S. 2759, the Ellender wheat bill (see Digest 80 for a summary of the provisions of the bill) (pp. 11232-50). Agreed to a technical amendment by Sen. Johnston to renumber certain sections of the bill (p. 11238). Agreed to a unanimous-consent request by Sen. Johnson to limit debate on any amendment to 1 hour, and to limit debate on the question of final passage to 2 hours (p. 11236). Several Senators submitted amendments intended to be proposed to the bill (p. 11202).
2. FORESTRY. Passed without amendment H. R. 10572, to direct the Secretary of Agriculture to administer the national forests for multiple use and sustained yield of their several products and services. The bill provides recognition in one single statute that the national forests provide watershed, timber, range, outdoor recreation, and fish and wildlife values, and declares that it is the policy of the Congress that the national forests are established and are to be administered for such purposes. This bill will now be sent to the President. pp. 11212-22
3. HOUSING. The Housing Subcommittee of the Banking and Currency Committee voted to report to the full committee an omnibus housing authorization bill. The "Daily Digest" states that, as approved by the subcommittee, the bill "would provide total funds of \$1.58 billion, which sum would include (1) \$500 million for

college housing, (2) \$350 million for urban renewal, (3) \$100 million for public facility loans, and (4) \$175 million for FNMA special assistance program, of which \$150 million would be for the President's fund, and \$25 million for the cooperative program." p. D520

4. FOREIGN AID. Sen. Humphrey urged support for his proposal to establish a White Fleet of mercy ships to provide emergency relief, including food supplies, to disaster areas abroad. pp. 11228-9

HOUSE

5. AGRICULTURAL APPROPRIATION BILL, 1961. House conferees were appointed on this bill, H. R. 12117, with permission granted to file report by midnight tonight, June 9. (p. 11252). Senate conferees have been appointed.
6. FOREIGN AID. The Banking and Currency Committee reported without amendment H. R. 11001, to provide for the participation of the U. S. in the International Development Association (H. Rept. 1766). p. 11305
7. WATER RESOURCES. The Public Works Committee reported without amendment H. R. 12467, granting the consent and approval of Congress to the northeastern water and related land resources compact (H. Rept. 1767). p. 11305
8. INTERNATIONAL DAM. The Rules Committee granted a rule for the consideration of H. R. 12263, to authorize the conclusion of an agreement for the joint construction by the U. S. and Mexico of a major international storage dam on the Rio Grande. pp. 11297, 11305
9. BANKING AND CURRENCY. The Banking and Currency Committee voted to report (but did not actually report) H. R. 12346, to extend for two years the authority of the Federal Reserve banks to purchase U. S. obligations directly from the Treasury. p. D522
10. PERSONNEL. A subcommittee of the Government Operations Committee voted to report to the full committee H. R. 12273, to provide for the payment of travel and transportation costs for persons selected for appointment to certain Federal positions. p. D522
- A subcommittee of the Post Office and Civil Service Committee voted to report to the full committee S. 2857, to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such Act. p. D523
11. PURCHASING; CONTRACTS. The Subcommittee on Executive and Legislative Reorganization of the Government Operations Committee voted to report to the full committee H. R. 12496, to amend the "Anti-Kickback" statute to extend its provisions to all negotiated contracts. p. D522
12. FARM PROGRAM. The "Daily Digest" states that the Rules Committee "held a hearing but took no action to grant a rule" on H. R. 12261, the Poage farm bill. p. D523
13. HEALTH BENEFITS. Rep. Teller criticized the Civil Service Commission's administration of the Federal Employees Health Benefits Act, stating that the Commission "has ignored Secretary Flemming's facts of medical costs in creating this monstrosity of plans -- each of them ... more expensive than parallel coverage now carried under private and group coverage ... Federal Workers," and suggested

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HOUSE

14. MUTUAL SECURITY APPROPRIATION BILL, 1961. Began and concluded general debate on this bill, H. R. 12619 (pp. 11848-71, 11875-87). As reported by the Appropriations Committee the bill includes the following: Provides \$150,000,000 for technical cooperation, with a proviso that none of the funds shall be used to initiate any project or activity which has not been justified to the House and Senate Committees on Appropriations. Provides \$2,000,000 to finance the cost of ocean freight for relief supplies sent to needy persons abroad under the auspices of approved U. S. voluntary non-profit agencies. Provides \$550,000,000 for advances to the Development Loan Fund. Provides that none of funds appropriated shall be used to make loans to small farmers in foreign countries, or to study the advisability of a Point Four Youth Corps to train young people to serve abroad in the technical cooperation program. Provides \$5,250,000 for the Department of the Army for economic development, assistance, etc., in the Ryukyu Islands, with a proviso that the President may transfer to any other department or agency any of the functions performed by the Department of the Army. Provides that none of the funds appropriated for Defense Support, the Development Loan Fund, Special Assistance, or the President's Special Authority and Contingency Fund shall be used to finance the construction of any new flood control, reclamation, or other water or related land resource project or program which has not met the standards and criteria used in determining the feasibility of such projects in the U. S.

Regarding the use of surplus agricultural commodities by the United Nations Relief and Works Agency, the committee report states as follows:

"In view of the State Department's concurrence that it is possible to substitute up to a limit of \$6,000,000, the use of P. L. 480 Title II commodities as our contribution to this program, the Committee urges the Department to take such action during the coming fiscal year. These commodities should be purchased from the Commodity Credit Corporation. If they are not purchased the corresponding dollar savings should be placed in reserve."

15. PUBLIC LAW 480. "The Daily Digest" states that the Agriculture Committee "ordered the chairman to introduce a Clean bill to amend the Agricultural Trade Development and Assistance Act of 1954 (P. L. 480, 83d Congress)." p. D562
16. MINIMUM WAGE. The Education and Labor Committee voted to report (but did not actually report) H. R. 12677, to amend the Fair Labor Standards Act of 1938 so as to increase the Federal minimum wage level. p. D562
17. NONFAT DRY MILK. Rep. Marshall called attention to "the dangerous situation confronting the dairy industry as a result of the gross misuse being made of large quantities of surplus nonfat dry milk under our export subsidy and relief programs overseas," contended that dry milk was recombined with coconut oil and water in certain countries and sold as regular fluid milk, and inserted several items on the matter. He urged support for legislation to prohibit any dairy commodity produced in the U. S. from being sold or disposed of under Public Law 480 for use outside the U. S. for filled milk or filled cheese, and inserted portions of the testimony on the agricultural appropriation bill for 1961 in which he questioned Assistant Secretary McLain regarding this proposed legislation and a statement from this Department stating that it had taken steps to assure that nonfat dry milk sold under Public Law 480 is not being used in the manufacture of filled milk or cheese. pp. 11871-5
18. WOOL. Received the conference report on H. R. 9322, to continue the suspension of duties on certain coarse wool (H. Rept. 1883) (p. 11845). As agreed to by

the conferees the bill would make permanent the existing suspension of import duties on certain coarse wools imported under bond for use in the manufacture of rugs and carpets and certain other products, would add papermakers' felts to such list of products, and would provide that the standards for determining grades of wools to be those established from time to time by the Secretary of Agriculture.

Passed without amendment H. J. Res. 696, to provide for the designation of September 1960 as "National Wool Month." pp. 11846-7

19. **PROPERTY; PERSONNEL.** Received the conference report on H. R. 9881, to extend for 2 years, until July 1, 1962, the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders (H. Rept. 1885) (pp. 11845-6). The conferees deleted a Senate amendment which would have provided that the exemption from duties for a person or members of his family would be applied to article up to but not exceeding in aggregate value \$5,000.
The Rules Committee reported a resolution for consideration of H. R. 9996, to amend the Federal Property and Administrative Services Act so as to prescribe procedures to insure that foreign excess property which is disposed of overseas will not be imported into the United States to the injury of the domestic economy. p. 11891
The Agriculture Committee voted to report (but did not actually report) H. R. 9732, to authorize the Secretary of Agriculture to convey a tract of Forest Service property in Calif. to the county of Trinity. p. D562
20. **HOUSING.** The Banking and Currency Committee was granted permission until midnight Sat., June 18, to file a report on H. R. 12603, the housing bill. p. 11846
21. **WATERSHEDS.** The "Daily Digest" states that the Agriculture Committee "approved 13 watershed projects." p. D562
22. **FARM LOANS.** The Interior and Insular Affairs Committee reported without amendment (June 14) H. R. 6456, H. R. 6498, and H. R. 6529, to exempt certain debts owed by members of the Crow Creek Sioux, the Standing Rock Sioux, and the Lower Brule Sioux, respectively, to the tribes and to the U. S. (including certain Farmers Home Administration loans) from being treated as an offset against compensation received by them for land taken in connection with the construction of the Fort Randall Dam and Reservoir project.
23. **CASEIN IMPORTS.** Received the conference report on H. R. 9862, to continue the suspension of duty on casein (H. Rept. 1884) (p. 11846). As agreed to by the conferees the bill continues until June 30, 1963, the existing suspension of duty on casein and lactarene, but provides that the suspension of duty is not to apply with respect to sodium caseinate, sodium phosphocaseinate, or other caseinates, any of which casein or lactarene is the component material or chief value.
24. **PERSONNEL.** The Post Office and Civil Service Committee voted to report (but did not actually report) S. 2857, to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under the act; and H. R. 7810, to credit periods of interment during World War II to certain Federal employees of Japanese ancestry for purposes of the Civil Service Retirement Act and the Annual and Sick Leave Act. p. D563

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Agreed to the following amendments:

By Rep. Coffin to provide that none of the funds for technical cooperation shall be used to initiate any project or activity which has not been justified to the House and Senate (rather than justified to the Committees of Appropriations of the House and Senate as provided in the bill as reported). pp. 12129-30

By Rep. Yates to strike out a provision of the bill which would have provided that none of the funds could be used for the Indus River Basin project in India and Pakistan. pp. 12138-43

By Rep. Roosevelt to increase the appropriation for technical cooperation from \$150,000,000 to \$172,000,000. pp. 12130-1

By Rep. Reuss to strike out a provision of the bill providing that none of the funds shall be used to study the advisability of a Point Four Youth Corps to train young people to serve abroad in the technical cooperation program. pp. 12149-54

11. TRANSPORTATION. The Interstate and Foreign Commerce Committee reported the following bills: p. 12175

S. 1508, without amendment, to provide for the economic regulation of the Alaska Railroad under the Interstate Commerce Act (H. Rept. 1913);

S. 1509, with amendment, to amend the Interstate Commerce Act so as to provide for "grandfather" rights (preference rights for certain carriers operating in the past) for certain motor carriers and freight forwarders in Alaska (H. Rept. 1914).

12. PERSONNEL. The Post Office and Civil Service Committee reported with amendments S. 2857, to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under the act (H. Rept. 1916). p. 12175

13. PUBLIC LANDS. A subcommittee of the Interior and Insular Affairs Committee voted to report with amendment H. R. 10418, to revise the boundaries of the Coronado National Memorial. p. D570

14. FRUIT AND NUT IMPORTS. The "Daily Digest" states that the Rules Committee tabled H. R. 12341, regarding import restrictions on lemons, oranges, figs, dates, and walnuts. p. D570

15. WHEAT; FARM PROGRAM. Rep. Riehlman inserted a newspaper editorial urging enactment of legislation to provide a "new approach" to the farm program, stating that last year "96 factory-style farms collected more than \$50,000 each in cash loans on their wheat." p. 12171

16. SMALL BUSINESS; MARKETING. Rep. Patman inserted his testimony, and that of Rep. McFall, before the House Interstate and Foreign Commerce Committee supporting the enactment of legislation to prohibit the sale of commodities at unreasonably low prices. pp. 12160-66

17. LEGISLATIVE PROGRAM. Rep. Albert announced the following legislative program: Mon., June 20: consent calendar, followed by the following bills under motions to suspend the rules: S. 1508, Alaska railroad regulation, S. 1509, grandfather rights for motor carriers in Alaska, H. R. 9600, donation of surplus property, and H. R. 11499, use of surplus property by States; Tues: Private

calendar, and Poage farm bill; and for the remainder of the week: supplemental appropriation bill, H. R. 12176, extension of farm labor program, H. R. 7624, Food additives bill, and H. R. 9996, importation of excess property.
(p. 12136) He Also stated that any votes on Mon. or Tues. would go over until Wed. (p. 12174)

18. ADJOURNED until Mon., June 20. p. 12175

SENATE - JUNE 18

19. COTTON. Passed as reported H. R. 11646, to amend the act authorizing the Secretary of Agriculture to collect and publish statistics of the grade and staple length of cotton, as amended, by defining certain offenses in connection with the sampling of cotton for classification and providing a penalty provision. p. 12275

Passed without amendment H. R. 12115, to extend the minimum national marketing quota for extra long staple cotton to the 1961 crop. This bill will now be sent to the President. p. 12276

20. DAIRY PRICE SUPPORTS. Passed over, at the request of Sen. Hart, S. 2917, to establish a price support level for milk and butterfat. p. 12275

21. ACREAGE ALLOTMENTS. Passed as reported S. 3117, to treat all basic agricultural commodities alike with respect to the cost of remeasuring acreage. p. 12276

22. CHEMICAL PESTICIDES. Passed without amendment H. R. 7480, to amend the Federal Food, Drug, and Cosmetic Act so as to provide that the term "chemical preservative" shall not apply to a pesticide chemical when used in or on a raw agricultural commodity produced from the soil, and to require that shipping containers for raw agricultural commodities be labeled to indicate by name or function the presence of any pesticide chemical that had been applied after harvest. This bill will now be sent to the President. pp. 12269-70

Passed over, at the Request of Sen. Hart, S. 3473, to provide for advance consultation with the Fish and Wildlife Service and with State wildlife agencies before the beginning of any Federal program involving the use of pesticides or other chemicals designed for mass biological controls. p. 12276

Sens. Curtis and Carlson criticized a statement by the Food and Drug Administration that the use of 2-4D weed killer on wheat fields might make the wheat unsalable, and invited any interested Senators to a meeting scheduled today for resolving the problem created by this announcement. pp. 12310-2

23. PERSONNEL. Passed over, at the request of Sen. Hart, H. R. 4601, to amend the act of Sept. 1, 1954, in order to limit to cases involving the national security the prohibition of payment of annuities and retired pay to officers and employees of the U. S. and S. 1638, to provide for an effective system of personnel administration for the executive branch of the Government. p. 12269

Passed without amendment S. 3486, to authorize Government agencies to provide quarters, household furniture and equipment, utilities, subsistence, and laundry service to civilian officers and employees of the U. S. p. 12272

Passed without amendment S. 3485, to amend section 7 of the Administrative Expenses Act of 1946, to provide for the payment of travel and transportation cost for persons selected for appointment to certain positions in the U. S. p. 12274

24. WATERSHEDS. Passed without amendment H. R. 11615 (in lieu of similar S. 3383), to amend Sec. 4 of the Watershed Protection and Flood Prevention Act to authorize Federal assistance on watershed projects prior to acquisition of land,

DISPOSITION OF CONTRIBUTIONS OF CERTAIN ANNUITANTS AND OTHER BENEFITS UNDER THE CIVIL SERVICE RETIREMENT ACT

JUNE 17, 1960.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. DAVIS of Georgia, from the Committee on Post Office and Civil Service, submitted the following

R E P O R T

[To accompany S. 2857]

The Committee on Post Office and Civil Service, to whom was referred the bill (S. 2857) to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such act, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

AMENDMENTS

The committee proposes two amendments to S. 2487, as passed the Senate: An amendment to the text and an amendment to the title.

AMENDMENT TO THE TEXT

The amendment to the text proposed by the committee strikes out all after the enacting clause and inserts in lieu thereof a substitute text which appears in the reported bill in italic type. An explanation of this amendment is contained in the explanation of the bill, as reported.

AMENDMENT TO THE TITLE

The amendment proposed by the committee to the title of the bill is as follows:

Amend the title so as to read :

An Act to amend the Civil Service Retirement Act so as to provide for disposition of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such Act, and for other purposes.

The purpose of this proposed amendment to the title is to indicate more precisely the scope of the bill as reported by the committee.

PURPOSE

The purpose of this legislation is to eliminate certain inequities, and to correct certain omissions, with respect to the application of the Civil Service Retirement Act to a limited number of individuals.

COST

The U.S. Civil Service Commission has advised that since the number of persons who will be affected by this legislation is comparatively small, the cost of this legislation is not material in relation to the entire civil service retirement program.

STATEMENT

S. 2857, as passed by the Senate, provides for cash refund of any civil service retirement contributions made by an individual after he has completed sufficient service to qualify for maximum benefits under the Civil Service Retirement Act. The maximum is 80 percent of 5-year high average salary for a Government employee and 80 percent of final salary for a Member of Congress.

The first section of the bill, as reported, eliminates the cash refund provisions of the Senate-passed bill and substitute provisions under which any retirement contributions made by an individual after he has qualified for the 80 percent maximum will be applied in payment for any noncontributory service standard to the individual's credit. Any amount contributed, after qualifying for the 80 percent maximum, which exceeds the amount (if any) due for noncontributory service will be deposited in the retirement fund as voluntary contributions by the individual concerned, to pay for additional annuity benefits in accordance with the existing voluntary contribution provisions of section 12 of the act. Such first section of the reported bill is effective only with respect to employees or Members separated from the service after the date of enactment of this legislation.

Section 2(a) of the bill adds a new third sentence to section 8(b) of the Civil Service Retirement Act, which relates to deferred annuity entitlement upon separation of Members of Congress. The first sentence of such section 8(b) provides that any Member who is separated from service as a Member after completing 5 years of Member service may be paid an annuity beginning at the age of 62 years, computed as provided in section 9 of the act. The second sentence of such section 8(b) provides that any Member who is separated from the service after completing 10 or more years of Member service may be paid an annuity beginning at the age of 60 years, computed as provided in

section 9. The new third sentence, added to such section 8(b) by section 2 of the reported bill, provides that any Member who is separated from the service after completing 20 or more years of service, including 10 or more years of Member service, may be paid a reduced annuity beginning at the age of 50 years, computed as provided in section 9 of the act. This amendment, providing for a reduced annuity after a total of 20 years of service, which must include at least 10 years of Member service, is consistent with the principles of the existing section 8(b). Section 2(b) of the reported bill makes a technical conforming amendment in the language of section 9(d) of the Civil Service Retirement Act.

Section 3(a) of the bill provides that an annuitant who, after retirement, is reemployed for 5 years or more may elect to have his annuity rights redetermined, on the basis of his total service (including the reemployed service), upon final separation and deposit of the appropriate contributions for the reemployed service. Under present law, the original annuity of a reemployed annuitant continues during the reemployed service, but the amount of the annuity is deducted from his salary while reemployed, and he earns a separate annuity entitlement based exclusively on the reemployed service. Thus, upon separation from the reemployed service, such an individual is entitled to draw two separate annuity checks—one based on his original retirement and one based on his reemployment service. Under section 3(a) of the bill both periods of service may be combined for payment of a single annuity.

Section 3(b) of the bill, as reported, amends those provisions of section 6(f) of the Civil Service Retirement Act under which a Member who attains the age of 50 years and completes 20 years of service upon separation may be paid an immediate reduced annuity, as in the case of other Federal personnel. The amendment extends such provisions to apply to Members who have served in nine Congresses as well as those who have completed 20 years of total service. The limitation with respect to service in nine Congresses takes into consideration the 6-year terms for Senators and the fact that, were the limitation set at 10 terms, for example, a Member of the Senate then, in effect, would have to be elected for four terms (a 24-year period) to qualify for the reduced annuity benefits authorized by the amendment.

Section 4 of the bill amends section 603(d)(1)(B) of the Legislative Reorganization Act of 1946, as amended, relating to certain retirement and survivorship benefits applicable to Members of Congress. The effect of the amendment is to provide survivorship benefits for a very limited class of surviving spouses of Members of Congress who died during the period February 29, 1948, and November 4, 1952. These survivorship benefits which are extended to such limited class of surviving spouses are identical in principle to survivorship benefits paid under existing law to the surviving spouses of former Members who died on or after November 4, 1952. The benefits authorized by the amendment are prospective only and no payment thereof will be made for any period prior to the first day of the month in which this legislation is enacted.

Section 5 of the bill, as reported by the committee, provides, in effect, for the payment out of the civil service retirement and disability fund of any benefits payable by reason of the enactment of the bill.

Section 5 is necessary to overcome the restrictions imposed by a provision of the Independent Offices Appropriation Act, 1959 (Public Law 85-844), to the effect that no money in the fund may be used to pay any annuity benefits resulting from amendments to the Civil Service Retirement Act unless and until an appropriation is made to such fund to cover the cost of the new benefits. Because of the very small cost of this legislation, the provision of funds therefor through the appropriation procedure is deemed unwarranted.

This provision reads as follows:

CIVIL SERVICE RETIREMENT AND DISABILITY FUND

No part of the moneys now or hereafter contained in the civil service retirement and disability fund shall be applied toward the payment of any increase in annuity benefits or any new annuity benefits under the Act approved May 22, 1920, and Acts amendatory thereof (5 U.S.C., ch. 30) which may be authorized by amendment to said Acts after the enactment of this Act until and unless an appropriation is made to such fund in an amount estimated by the Civil Service Commission to be sufficient to prevent an immediate increase in the unfunded accrued liability of said fund.

ADMINISTRATION REPORT

The report of the U.S. Civil Service Commission on S. 2857, as passed by the Senate, follows.

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., June 1, 1960.

Hon. TOM MURRAY,
Chairman, Committee on Post Office and Civil Service
House of Representatives, Old House Office Building.

DEAR MR. MURRAY: This refers to your letter of May 27, 1960, requesting Commission report on S. 2857, a bill to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such act.

This bill proposes to amend section 11 of the Retirement Act to allow a refund of retirement deductions withheld after the month in which an employee or Member accrues sufficient creditable service to entitle him to the maximum benefit payable under the act. It also proposes to pay 3 percent interest (compounded annually) on any such refund computed from the date of deductions to the date of retirement or death. The proposal is prospective only.

The Retirement Act currently limits annuity payable to retirees at 80 percent of high-5 average salary, except retiring Members who are limited to 80 percent of final salary. Employees with high-5 annual salary exceeding \$5,000 attain the 80 percent level with 41 years, 11 months creditable service and congressional employees with 38 years, 2 months service, if they have 15 years' military and congressional service. Employees reach the 80 percent limitation with somewhat less service if annual salary is below \$5,000. Members attain the 80

percent limit with 32 years' service if it is all Member and creditable military service and their final and average salary are the same. Section 6(c) law-enforcement eligibles attain it with 40 years' service.

However, it does not follow that there is no further increase in annuity once this period of service is completed. In practically every case, additional service increases average salary, thereby raising the dollar amount of the 80 percent limitation. It is true that the annuity does not increase as much as in short-service cases. The latter gets the benefit of both additional service credit and higher average salary, but the fact remains that the second of these factors operates for the long-service employee.

The Retirement Act provides an annuity computation formula based upon years of service and average salary. Average salary is computed using the highest 5 consecutive years of creditable service which today is normally the last 5 years' service. Enactment of S. 2857 would, therefore, require computation of the average salary in long-service cases either in whole or in part on service which provided the highest basic salary rates of a person's career and for which the bill would authorize refund of retirement deductions. Continued employment after reaching the 80 percent annuity level is therefore advantageous. Promotions, pay raises, and periodic and longevity increases all raise the amount of annuity which will be drawn on retirement.

In addition, the retiree is given full credit for all periods of "free" or nondeduction services, that is, civilian service performed prior to August 1, 1920, and creditable military service whenever performed. Employees must make contributions to the fund for all periods of civilian service beginning on or after August 1, 1920, or the annuity is slightly reduced. Upon enactment of this proposal, a refund of the deductions taken during an employee's most recent civilian service over the maximum would be made even though periods of free service are included and contributions were not made to the retirement fund for as many years as (or more than) he is given service credit.

Further, deduction rates for all employees and Members have been gradually increased from the original $2\frac{1}{2}$ percent to the present $6\frac{1}{2}$ percent for employees and $7\frac{1}{2}$ percent for Members in order to pay for the increased benefits and coverage now provided. This proposal would refund deductions taken at the highest rates while still awarding current liberal benefits and coverage. This is obviously inequitable and discriminatory from the view of a short-service employee. Short-service employees get the same benefits and coverage but have to pay the full price for them. They receive smaller annuities because they have fewer years of service but may pay as much or more than the long-service employees who would have part of their deductions refunded.

A recent retirement case, by no means unusual, points up the problem. After 47 years and 6 months of service, the employee retired at age 66 with an average salary of \$6,494. His retirement deductions total \$6,213, which with interest as provided by the Retirement Act, give a lump-sum credit, or guaranteed return, of \$8,991. His annuity is \$405 per month, and if his wife survives him, she will receive \$216 per month. The value of these annuities at retirement was \$55,800 of which his own deductions plus interest provide 16.1 percent. It would not appear that retirement deductions in this and similar cases have been excessive.

Of additional interest here is the fact that this retiree had 8 years and 3 months of nondeduction service prior to August 1, 1920. From that date to June 30, 1930, covering his first 18 years and 2 months of service, he paid only \$569.70 in retirement deductions. The deductions which would have been refunded if S. 2857 had been enacted prior to his retirement, covering his last 5 years and 7 months of service, total \$2,245 without interest and \$2,426 with interest. The former amount represents over one-third of his total deductions without interest and nearly four times as much as he contributed in his first 18 years and 3 months of service. It is noted that in this case the 5-year average salary would be computed entirely on service for which no deductions would be left in the fund if retired after enactment of S. 2857.

For the previously cited reasons, present employees with long service stand to gain the biggest bargains from the retirement system. The young employee, faced with 6½ percent deductions throughout his entire period of service will pay for a much greater portion of his benefits than the employee who is now eligible to retire. We cannot see any inequity in the continuance of deductions after the point in service where the 80 percent maximum is reached.

Under current law, the long-service employee can "beat" the 80 percent limitation. He can retire, become reemployed on a full-time basis for at least 1 year, and receive supplemental annuity on later separation which is computed on his full-time service as a reemployed annuitant, independently of the 80 percent limitation.

The interest provision in S. 2857 is completely unrealistic. No interest is payable on refunds made under the provisions of the Retirement Act of 1956 (Public Law 85-854) beyond December 31, 1956, if the employee or Member has over 5 years' civilian service. The justification for this provision is that the employee who completes 5 years' civilian service acquires a vested right to a future annuity, which annuity was materially liberalized by the 1956 act. The non-accrual of interest after December 31, 1956, represents a small premium for this annuity protection and, when appropriate, survivor protection. As the employee or Member now pays such a small percentage of the value of future annuity for coverage, there is no justification for further decreasing the payment unless the ultimate goal is to make the system completely noncontributory.

Thus, this bill would create inequities, make unwarranted gifts, and to some degree injure the stability of the retirement fund. At present, it is in the employee's interest to remain in the service beyond the time the 80 percent annuity is earned. As hereinbefore indicated, the long-service employee now enjoys a preferential position, and we see no reason for making it more so.

For the foregoing reasons, the Commission recommends that adverse action be taken on this bill.

Cost figures are not offered for this bill because we have no basis for computing them. The facts and circumstances of each case are so different that any attempt to arrive at a total would be futile. There would be an increased cost borne entirely by the Government, in every case consisting, as a minimum, of the amount of the refund interest; in the great majority of cases, such cost would consist of the total refund amount.

The Bureau of the Budget advises that there is no objection to the submission of this report to your committee.

By direction of the Commission :

Sincerely yours,

ROGER W. JONES, *Chairman.*

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as passed by the Senate, are shown as follows (new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

SECTION 11 OF THE CIVIL SERVICE RETIREMENT ACT

(5 U.S.C. 2261)

LUMP-SUM BENEFITS

“SEC. 11. (a) Any employee or Member who is separated from the service, or is transferred to a position wherein he does not continue subject to this Act, shall be paid the lump-sum credit provided his separation or transfer occurs and application for payment is filed with the Commission at least thirty-one days before the earliest commencing date of any annuity for which he is eligible. The receipt of payment of the lump-sum credit by the individual shall void all annuity rights under this Act, unless and until he shall be reemployed in the service subject to this Act. This subsection shall also apply to any employee or Member separated prior to the effective date of the Civil Service Retirement Act Amendments of 1956 after completing at least twenty years of civilian service.

(b) Each present or former employee or Member may, under regulations prescribed by the Commission, designate a beneficiary or beneficiaries for the purposes of this Act.

(c) Lump-sum benefits authorized under subsections (d), (e), and (f) of this section shall be paid in the following order of precedence to such person or persons surviving the employee or Member and alive at the date title to the payment arises, and such payment shall be a bar to recovery by any other person.

First, to the beneficiary or beneficiaries designated by the employee or Member in a writing received in the Commission prior to his death ;

Second, if there be no such beneficiary, to the widow or widower of the employee or Member ;

Third, if none of the above, to the child or children of the employee or Member and descendants of deceased children by representation ;

Fourth, if none of the above, to the parents of the employee or Member or the survivor of them ;

Fifth, if none of the above, to the duly appointed executor or administrator of the estate of the employee or Member ;

Sixth, if none of the above, to other next of kin of the employee or Member as may be determined by the Commission to be entitled under the laws of the domicile of the individual at the time of his death.

(d) If an employee or Member dies (1) without a survivor, or (2) with a survivor or survivors and the right of all survivors shall terminate before claim for survivor annuity is filed, or if a former employee or Member not retired dies, the lump-sum credit shall be paid.

(e) If all annuity rights under this Act based on the service of a deceased employee or Member shall terminate before the total annuity paid equals the lump-sum credit, the difference shall be paid.

(f) If an annuitant dies, any annuity accrued and unpaid shall be paid.

(g) Any annuity accrued and unpaid upon the termination (other than by death) of the annuity of any annuitant or survivor annuitant shall be paid to such person. Any survivor annuity accrued and unpaid upon the death of any survivor annuitant shall be paid in the following order of precedence, and such payment shall be a bar to recovery by any other person:

First, to the duly appointed executor or administrator of the estate of the survivor annuitant;

Second, if there is no such executor or administrator, payment may be made, after the expiration of thirty days from the date of death of such survivor annuitant, to such next of kin of the survivor annuitant as may be determined by the Commission to be entitled under the laws of the survivor annuitant's domicile at the time of his death.

(h) *There shall be refunded to an employee or Member retiring under this Act, or to the survivor of a deceased employee or Member, any amounts deducted and withheld from the basic salary of such employee or Member from the first day of the first month which begins after he shall have performed sufficient service (exclusive of any service which the employee or Member elects to eliminate for purposes of annuity computation under section 9) to entitle him to the maximum annuity provided by section 9, together with interest on such amounts at the rate of 3 per centum per annum compounded annually from the date of such deductions to the date of retirement or death.*

Union Calendar No. 839

86TH CONGRESS
2D SESSION

S. 2857

[Report No. 1916]

IN THE HOUSE OF REPRESENTATIVES

MAY 6, 1960

Referred to the Committee on Post Office and Civil Service

JUNE 17, 1960

Reported with amendments, committed to the Committee of the Whole House
on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

AN ACT

To amend the Civil Service Retirement Act so as to provide
for refunds of contributions in the case of annuitants whose
length of service exceeds the amount necessary to provide
the maximum annuity allowable under such Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 11 of the Civil Service Retirement Act, as
4 amended, is amended by adding at the end thereof a new
5 subsection as follows:

6 “(h) There shall be refunded to an employee or Mem-
7 ber retiring under this Act, or to the survivor of a deceased
8 employee or Member, any amounts deducted and withheld
9 from the basic salary of such employee or Member from the

1 first day of the first month which begins after he shall have
2 performed sufficient service (exclusive of any service which
3 the employee or Member elects to eliminate for purposes
4 of annuity computation under section 9) to entitle him to the
5 maximum annuity provided by section 9, together with
6 interest on such amounts at the rate of 3 per centum per
7 annum compounded annually from the date of such deduc-
8 tions to the date of retirement or death."

9 SEC. 2. The amendment made by this Act shall be effec-
10 tive only with respect to employees or Members separated
11 from the service after the date of enactment of this Act.

12 SEC. 3. Notwithstanding any other provision of law,
13 refunds authorized by the amendment made by this Act shall
14 be paid from the civil service retirement and disability fund.
15 That (a) section 11 of the Civil Service Retirement Act
16 (5 U.S.C. 2261) is amended by adding at the end thereof a
17 new subsection as follows:

18 "(h) Any amounts deducted and withheld from the basic
19 salary of an employee or Member from the first day of the
20 first month which begins after he shall have performed suf-
21 ficient service (exclusive of any service which the employee
22 or Member elects to eliminate for purposes of annuity com-
23 putation under section 9) to entitle him to the maximum an-

1 nuity provided by section 9, together with interest on such
2 amounts at the rate of 3 per centum per annum compounded
3 annually from the date of such deductions to the date of re-
4 tirement or death, shall be applied toward any deposit due
5 under section 4, and any balance not so required shall be
6 deemed to be a voluntary contribution for the purposes of
7 section 12.”

8 (b) The amendment made by subsection (a) of this sec-
9 tion shall be effective only with respect to employees or Mem-
10 bers separated from the service after the date of enactment
11 of this Act.

12 SEC. 2. (a) Section 8(b) of the Civil Service Retirement
13 Act (5 U.S.C. 2258 (b)) is amended by adding at the end
14 thereof the following new sentence: “Any Member who is
15 separated from the service after completing twenty or more
16 years of service (including ten or more years of Member
17 service) may be paid a reduced annuity beginning at the age
18 of fifty years, computed as provided in section 9”.

19 (b) Section 9(d) of the Civil Service Retirement Act
20 (5 U.S.C. 2259(d)) is amended by inserting, immediately
21 following “section 6(f)”, the following: “or the third sen-
22 tence of section 8(b)”.

23 SEC. 3. (a) Section 13(b) of the Civil Service Retire-

1 *ment Act (5 U.S.C. 2263(b)) is amended by adding at the*
2 *end thereof the following sentence: "Any such annuitant*
3 *whose described employment continues for at least five years*
4 *may elect, in lieu of the benefit authorized by the proviso*
5 *herein, to have his rights redetermined under the provisions*
6 *of this Act upon deposit in the fund of an amount computed*
7 *under section 4(c) covering such employment."*

8 *(b) The third sentence of section 6(f) of the Civil Serv-*
9 *ice Retirement Act (5 U.S.C. 2256(f)) is amended by*
10 *striking out "and completes twenty years of service" and*
11 *inserting in lieu thereof "and (1) completes twenty years of*
12 *service or (2) shall have served in nine Congresses".*

13 *SEC. 4. (a) Section 603(d)(1)(B) of the Legislative*
14 *Reorganization Act of 1946, as amended (5 U.S.C. 724),*
15 *is hereby amended by striking out "November 4, 1952" and*
16 *inserting in lieu thereof "February 29, 1948".*

17 *(b) No annuity shall be payable by reason of the amend-*
18 *ment made by subsection (a) of this section for any period*
19 *prior to the first day of the month in which this Act is*
20 *enacted.*

21 *SEC. 5. Notwithstanding any other provision of law,*
22 *benefits under the Civil Service Retirement Act resulting*
23 *from the enactment of this Act shall be paid from the civil*
24 *service retirement and disability fund,*

Amend the title so as to read: "An Act to amend the Civil Service Retirement Act so as to provide for disposition of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such Act, and for other purposes."

Passed the Senate May 5, 1960.

Attest:

FELTON M. JOHNSTON,

Secretary.

[Report No. 1916]

AN ACT

To amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such Act.

MAY 6, 1960

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JUNE 17, 1960

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June 24, 1968

contracts entered into on a cost-plus-fixed-fee or other cost-reimbursable basis. A similar bill, H. R. 12604, was tabled. pp. 13203-4

10. **TRANSPORTATION.** Passed under suspension of the rules S. 1509, to amend the Interstate Commerce Act so as to provide for "grandfather" rights (preference rights for certain carriers operating in the past) for certain motor carriers and freight forwarders operating in Alaska and Hawaii. pp. 13229-31
Passed, 267 to 101, under suspension of the rules S. 1508, to provide for the economic regulation of the Alaska Railroad under the Interstate Commerce Act (pp. 13223-9). The "Daily Digest" states that this bill will now be sent to the President (p. D610).
11. **WATER RESOURCES; INTERNATIONAL DAM.** Concurred in the Senate amendments to H. R. 12263, to authorize the conclusion of an agreement for the joint construction by the U. S. and Mexico of a major international storage dam on the Rio Grande, in accordance with the provisions of the treaty of Feb. 3, 1944. This bill will now be sent to the President. p. 13260
12. **RADIOACTIVITY; TRANSPORTATION.** The Judiciary Committee reported with amendment S. 1806, to revise the "Explosives and Combustibles" transportation chapter of the Criminal Code so as to include the transportation of radioactive materials and etiologic agents as an illegal act (H. Rept. 1975). p. 13266
13. **SURPLUS GRAIN; WILDLIFE.** The Banking and Currency Committee reported without amendment H. J. Res. 713, to authorize the use of CCC surplus grain by the States for emergency use in the feeding of resident game birds and other wildlife (H. Rept. 1978). p. 13266
14. **FLOOD CONTROL.** Passed without amendment H. R. 12564, to authorize the multiple-purpose development of Victory Reservoir site, Vt., for flood control and other purposes. p. 13197
15. **PUBLIC DEBT; TAXATION.** Conferees agreed to file a conference report on H. R. 12381, to extend for 1 year the public debt limit and the existing corporate normal-tax rate and certain excise-tax rates. p. D612
16. **LANDS.** A subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee S. 2878, to authorize the Secretary of the Interior to adjust Indian and non-Indian land use areas in the vicinity of the Navajo Indian Reservation, N. Mex. (including certain submarginal lands previously transferred from this Department to Interior). p. D611
Received a report from the Government Operations Committee on land appraisal practices (H. Rept. 1980). p. 13266
- A. **PASSED OVER** without prejudice the following bills:
H. R. 9996, at the request of Rep. Aspinall, to prescribe procedures to insure that foreign excess property which is disposed of overseas will not be imported into the U. S. to the injury of the domestic economy. pp. 13186-7
H. R. 12341, at the request of Rep. Ford, to extend the restrictions on the importation of shelled walnuts and dates. p. 13189
S. 1781, at the request of Rep. Andersen, to facilitate cooperation between the Federal Government, colleges and universities, the States, and private organizations for cooperative unit programs of research and education relating to fish and wildlife. pp. 13193-4

- H. R. 12419, at the request of Rep. Hoeven, to provide for advance consultation with the Fish and Wildlife Service and with State wildlife agencies before the beginning of any Federal program involving the use of pesticides or other chemicals for mass biological controls. pp. 13194-5
- H. R. 900, at the request of Rep. Weaver, to provide that 75% of all moneys derived by the U. S. from certain recreation activities in connection with lands acquired for flood control and other purposes shall be paid to the States. p. 13196
- H. R. 12539, at the request of Rep. Ford, to authorize the Secretary of the Army, with the consent of Congress, to acquire lands and to establish facilities necessary for recreational purposes in connection with reservoir projects constructed with Federal funds. p. 13202
- S. 2857, at the request of Rep. Ford, to provide for retirement refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable. p. 13204

SENATE - JUNE 24

17. FORESTRY. Passed without amendment S. J. Res. 95, to provide for acceleration of the reforestation programs of the Department of Agriculture and Interior, including the authorization for supplemental appropriations for reforestation programs. pp. 13156-60
- The Judiciary Committee reported without amendment S. J. Res. 209, providing for the establishment of an annual National Forest Products Week (S. Rept. 1728). p. 13095
- Sen. Morse inserted an article, "Military Sites Versus Public Parks," and stated the article "is a good indication of the need for Congress to proceed at an early date with action on the wilderness preservation bill." pp. 13162-3
18. PERSONNEL; PER DIEM RATES. The Government Operations Committee reported with amendments H. R. 5196, to increase the maximum rates of per diem allowance for Federal employees traveling on official business (S. Rept. 1721). p. 13095
19. DEPRESSED AREAS. Sen. Douglas criticized the Administration's proposed depress areas bill, and inserted a table comparing the provisions of various depressed areas bills. Sen. Scott defended the Administration's bill, and urged that "we send a bill to the President of the United States; and the President has indicated that he will accept a modified bill" from the one he recently vetoed. pp. 13113-6
20. SUGAR. Several Senators discussed Cuban-American relations, and urged the enactment of legislation to give the President authority to adjust sugar quotas when he deems it necessary. pp. 13127-32
- Sen. Johnson inserted an article discussing the possibility that U. S. property will be seized by the Cuban Government if its sugar quota is reduced, and he stated that the inference of the article "is that unless we grant the Cuban Government all the share of the American sugar market that it might demand, our nationals in Cuba will lose property which is theirs by legal right." pp. 13105-6
21. AIR POLLUTION. The Public Works Committee reported with amendment S. 3108, to extend the Federal air pollution control law and provide for public hearings on air pollution problems (S. Rept. 1723). p. 13095

lations prescribed by the President, for expenses of travel of persons appointed, and of student trainees when promoted upon completion of college work, to positions in the United States for which there is determined by the Civil Service Commission to be a manpower shortage, and for expenses of transportation of their immediate families and their household goods and personal effects and for advances of funds to the extent authorized by section 1 (a) and (b) of this Act, from their places of actual residence at time of selection or promotion to their duty station. Travel and transportation expenses shall not be paid upon promotion of a student trainee after completion of college work if such expenses were paid upon his appointment as a student trainee. Such travel expenses may include per diem and mileage allowance as provided for civilian officers and employees by the Travel Expense Act of 1949, as amended. Travel and transportation expenses may be allowed whether the person selected has been appointed or not at the time of such travel. However, the travel and transportation expenses authorized by this subsection shall not be allowed unless the person selected or promoted shall agree in writing to remain in the Government service for twelve months following his appointment or promotion unless separated for reasons beyond his control and acceptable to the department or agency concerned. In case of violation of such agreement, any moneys expended by the United States on account of such travel and transportation shall be recoverable from the individual concerned as a debt due the United States.

"(c) The authority of the Civil Service Commission to determine for purposes of this Act positions for which there is a manpower shortage shall not be delegated.

"(d) Nothing contained in this section shall impair or otherwise affect the authority of any department under existing law to pay travel and transportation expenses of persons designated in subsection (b) hereof."

SEC. 2. This Act shall take effect as of August 25, 1960.

The bill was ordered to be read a third time, was read the third time, and passed.

A similar House bill (H.R. 12273) was laid on the table.

A motion to reconsider was laid on the table.

AMENDING ANTIKICKBACK STATUTE TO EXTEND IT TO ALL NEGOTIATED CONTRACTS

The Clerk called the bill (H.R. 12604) to amend the antikickback statute to extend it to all negotiated contracts.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

Mr. FASCELL. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3487) to amend the antikickback statute to extend it to all negotiated contracts.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of March 8, 1946 (60 Stat. 37), entitled "An Act to eliminate the practice by subcontractors, under cost-plus-a-fixed-fee or cost reimbursable contracts of the United

States, of paying fees or kickbacks, or of granting gifts or gratuities to employees of a cost-plus-a-fixed-fee or cost reimbursable prime contractors or of higher tier subcontractors for the purpose of securing the award of subcontracts or orders" is hereby amended to read as follows:

"That the payment of any fee, commission, or compensation of any kind or the granting of any gift or gratuity of any kind, either directly or indirectly, by or on behalf of a subcontractor, as hereinafter defined, (1) to any officer, partner, employee, or agent of a prime contractor holding a negotiated contract entered into by any department, agency, or establishment of the United States for the furnishing of supplies, materials, equipment, or services of any kind whatsoever; or to any such prime contractor, or (2) to any officer, partner, employee, or agent of a higher tier subcontractor holding a subcontract under the prime contract, or to any such subcontractor either as an inducement for the award of a subcontract or order from the prime contractor or any subcontractor, or as an acknowledgment of a subcontract or order previously awarded, is hereby prohibited. The amount of any such fee, commission, or compensation or the cost or expense of any such gratuity or gift, whether heretofore or hereafter paid or incurred by the contractor, shall not be charged, either directly or indirectly, as a part of the contract price charged by the subcontractor to the prime contractor or higher tier subcontractor. The amount of any such fee, cost, or expense shall be recoverable on behalf of the United States from the subcontractor or the recipient thereof by setoff of moneys otherwise owing to the subcontractor either directly by the United States, or by a prime contractor under any contract or by an action in an appropriate court of the United States. Upon a showing that a subcontractor paid fees, commissions, or compensation or granted gifts or gratuities to an officer, partner, employee, or agent of a prime contractor or of another higher tier subcontractor, in connection with the award of a subcontract or order thereunder, it shall be conclusively presumed that the cost of such expense was included in the price of the subcontract or order and ultimately borne by the United States. Upon the direction of the contracting department or agency or of the General Accounting Office, the prime contractor shall withhold from sums otherwise due a subcontractor any amount reported to have been found to have been paid by a subcontractor as a fee, commission, or compensation or as a gift or gratuity to an officer, partner, employee, or agent of the prime contractor or another higher tier subcontractor."

SEC. 2. For the purpose of this Act, the term "subcontractor" is defined as any person, including a corporation, partnership, or business association of any kind, who holds an agreement or purchase order to perform all or any part of the work or to make or furnish any article or service required for the performance of a negotiated contract or of a subcontract entered thereunder, the term "person" shall include any subcontractor, corporation, association, trust, joint-stock company, partnership, or individual, and the term "negotiated contract" means made without formal advertising.

SEC. 3. For the purpose of ascertaining whether such fees, commissions, compensation, gifts, or gratuities have been paid or granted by a subcontractor, the General Accounting Office shall have the power to inspect the plants and to audit the books and records of any prime contractor or subcontractor engaged in the performance of a negotiated contract.

SEC. 4. Any person who shall knowingly, directly or indirectly, make or receive any such prohibited payment shall be fined not more than \$10,000 or be imprisoned for not more than two years, or both.

Mr. FASCELL. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FASCELL: Strike out all after the enacting clause and insert the following:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of March 8, 1946 (60 Stat. 37), entitled "An Act to eliminate the practice by subcontractors, under cost-plus-a-fixed-fee or cost reimbursable contracts of the United States, of paying fees or kickbacks, or of granting gifts or gratuities to employees of a cost-plus-a-fixed-fee or cost reimbursable prime contractors or of higher tier subcontractors for the purpose of securing the award of subcontracts or orders" is hereby amended to read as follows:

"That the payment of any fee, commission, or compensation of any kind or the granting of any gift or gratuity of any kind, either directly or indirectly, by or on behalf of a subcontractor, as hereinafter defined, (1) to any officer, partner, employee, or agent of a prime contractor holding a negotiated contract entered into by any department, agency, or establishment of the United States for the furnishing of supplies, materials, equipment or services of any kind whatsoever; or to any such prime contractor or (2) to any officer, partner, employee, or agent of a higher tier subcontractor holding a subcontract under the prime contract, or to any such subcontractor either as an inducement for the award of a subcontract or order from the prime contractor or any subcontractor, or as an acknowledgment of a subcontract or order previously awarded, is hereby prohibited. The amount of any such fee, commission, or compensation or the cost or expense of any such gratuity or gift, whether heretofore or hereafter paid or incurred by the subcontractor, shall not be charged, either directly or indirectly, as a part of the contract price charged by the subcontractor to the prime contractor or higher tier subcontractor. The amount of any such fee, cost, or expense shall be recoverable on behalf of the United States from the subcontractor or the recipient thereof by setoff of moneys otherwise owing to the subcontractor either directly by the United States, or by a prime contractor under any contract or by an action in an appropriate court of the United States. Upon a showing that a subcontractor paid fees, commissions, or compensation or granted gifts or gratuities to an officer, partner, employee, or agent of a prime contractor or of another higher tier subcontractor, in connection with the award of a subcontract or order thereunder, it shall be conclusively presumed that the cost of such expense was included in the price of the subcontract or order and ultimately borne by the United States. Upon the direction of the contracting department or agency or of the General Accounting Office, the prime contractor shall withhold from sums otherwise due a subcontractor any amount reported to have been found to have been paid by a subcontractor as a fee, commission, or compensation or as a gift or gratuity to an officer, partner, employee, or agent of the prime contractor or another higher tier subcontractor."

"SEC. 2. For the purpose of this Act, the term "subcontractor" is defined as any person, including a corporation, partnership, or business association of any kind, who holds an agreement or purchase order to perform all or any part of the work or to make or furnish any article or service required for the performance of a negotiated contract or of a subcontract entered thereunder; the term "person" shall include any subcontractor, corporation, association, trust, joint-stock company, partnership, or individual;

and the term "negotiated contract" means made without formal advertising.

"Sec. 3. For the purpose of ascertaining whether such fees, commissions, compensation, gifts, or gratuities have been paid or granted by a subcontractor, the General Accounting Office shall have the power to inspect the plants and to audit the books and records of any prime contractor or subcontractor engaged in the performance of a negotiated contract.

"Sec. 4. Any person who shall knowingly, directly or indirectly, make or receive any such prohibited payment shall be fined not more than \$10,000 or be imprisoned for not more than two years, or both."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A similar House bill (H.R. 12604) was laid on the table.

A motion to reconsider was laid on the table.

EXTENDING EXEMPTION FROM INSPECTION FOR CERTAIN VESSELS CARRYING FREIGHT TO AND FROM SOUTHEASTERN ALASKA

The Clerk called the bill (S. 2669) to extend the period of exemption from inspection under the provisions of section 4426 of the Revised Statutes granted certain small vessels carrying freight to and from places on the inland waters of southeastern Alaska.

Mr. PELLY. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

REQUIRING REBUILDING WORK ON DOMESTIC VESSELS TO BE DONE ENTIRELY IN U.S. SHIPYARDS

The Clerk called the bill (S. 3189) to further amend the shipping laws to prohibit operation in the coastwise trade of a rebuilt vessel unless the entire rebuilding is effected within the United States, and for other purposes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. GROSS. Mr. Speaker, reserving the right to object, and I shall not object, I simply want to say I am glad to see this interest in protecting American industry and American labor by requiring that the rebuilding of ships be carried out in American yards. I hope that the Members of the House will extend the same treatment to agriculture to help us raise tariffs and otherwise tighten up on the imports of agricultural products that are pouring into the country, in other words, give some protection to agriculture as well as the shipbuilding industry.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the second proviso of section 27 of the Merchant

Marine Act, 1920, as amended (U.S.C., 1958 edition, title 46, sec. 883), is amended to read as follows: "Provided further, That no vessel of more than five hundred gross tons which has acquired the lawful right to engage in the coastwise trade, by virtue of having been built in or documented under the laws of the United States, and which has later been rebuilt, shall have the right thereafter to engage in the coastwise trade, unless the entire rebuilding, including the construction of any major components of the hull or superstructure of the vessel, is effected within the United States, its Territories (not including trust territories), or its possessions."

SEC. 2. The first sentence of section 2 of the Act of July 14, 1956 (U.S.C. 1958 edition, title 46, sec. 883a) is amended to read: "If any vessel of more than five hundred gross tons documented under the laws of the United States, or last documented under such laws, is rebuilt, and any part of the rebuilding, including the construction of major components of the hull and superstructure of the vessel, is not effected within the United States, its Territories (not including trust territories) or its possessions, a report of the circumstances of such rebuilding shall be made to the Secretary of the Treasury, upon the first arrival of the vessel thereafter at a port within the customs territory of the United States, if rebuilt outside the United States, its Territories (not including trust territories), or its possessions, or, in any other case, upon completion of the rebuilding, in accordance with such regulations as the Secretary may prescribe."

SEC. 3. The Secretary of the Treasury shall prescribe such regulations as may be necessary to carry out the purposes of this Act.

SEC. 4. This Act shall be effective from the time of enactment hereof: *Provided, however, That no vessel shall be deemed to have lost its coastwise privileges as a result of the amendments made by this Act if it is rebuilt within the United States, its Territories (not including trust territories), or its possessions under a contract executed before such date of enactment and if the work of rebuilding is commenced not later than twenty-four months after such date of enactment.*

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

APPROACH ROADS TO FERRY FACILITIES

The Clerk called the bill (H.R. 11240) to amend title 23, United States Code, to provide for participation of Federal-aid highway funds in the construction of approach roads to ferry facilities on the Federal-aid system.

Mr. FORD. Mr. Speaker, at the request of another Member, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan [Mr. Ford]?

There was no objection.

PRINCESS ANNE COUNTY SCHOOL BOARD, VIRGINIA

The Clerk called the bill (H.R. 11136) for the relief of the Princess Anne County School Board, Virginia.

Mr. FORD. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

DISPOSITION OF CONTRIBUTIONS OF CERTAIN ANNUITANTS AND OTHER BENEFITS UNDER THE CIVIL SERVICE RETIREMENT ACT

The Clerk called the bill (S. 2857) to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants, whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such act.

Mr. FORD. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

CREDITING FOR RETIREMENT AND LEAVE PURPOSES OF CERTAIN INTERNMENT PERIODS OF EMPLOYEES OF JAPANESE ANCESTRY IN WORLD WAR II

The Clerk called the bill (H.R. 7810) to credit periods of internment during World War II to certain Federal employees of Japanese ancestry for purposes of the Civil Service Retirement Act and the Annual and Sick Leave Act of 1951.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first section of the Act entitled "An Act to provide benefits for certain Federal employees of Japanese ancestry who lost certain rights with respect to grade, time in grade, and rate of compensation by reason of any policy or program of the Federal Government with respect to persons of Japanese ancestry during World War II", approved July 15, 1952 (66 Stat. 634; 5 U.S.C. 1076), is amended by adding at the end of such section the following: "Each period of internment, and each period during which any such loss of opportunity for or denial of appointment, or denial of reinstatement, or separation from the service, was in effect, by reason of such policy or program, shall be held and considered to be creditable service for the purposes of the Civil Service Retirement Act and the Annual and Sick Leave Act of 1951."

With the following committee amendment:

On Page 2, immediately following line 8, add a new section 2 as follows:

"Sec. 2. Notwithstanding any other provision of law, any civil service retirement benefits resulting from the amendment made by this Act shall be paid from the civil service retirement and disability fund."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

POWERBOAT SERVICE IN ALASKA

The Clerk called the bill (S. 1849) to amend the act of August 10, 1939, au-

of suitable color additives in or on food, drugs, and cosmetics in accordance with regulations prescribing the conditions under which such additives may be safely used (pp. 13298-322). This action was subsequently vacated by the passage of S. 2197, the Senate bill, amended to contain the language of the House bill as amended, and the House bill was laid on the table (pp. 13322-8). The amendments made on the floor were technical amendments. p. 13302

45. WHEAT. Rep. Dixon criticized members of the House Agriculture Committee as being responsible for failure of the House to pass wheat legislation, stating that the Senate wheat bill was a superior bill and should have been acted on rather than the Poage bill. pp. 13343-4

46. WOOL. Agreed to the conference report on H. R. 9322, to make permanent the existing suspension of duties on certain coarse wool (p. 13271). This bill will now be sent to the President.

47. CASEIN. Agreed to the conference report on H. R. 9862, to extend until June 30, 1963, the temporary suspension of duties on imported casein (p. 13272). This bill will now be sent to the President.

48. VETERANS' BENEFIT. The Rules Committee reported a closed rule for consideration of H. R. 7903, to extend the veterans' guaranteed and direct loan programs for 2 years. p. 13347

49. PERSONNEL. Agreed to the conference report on H. R. 9881, to extend until July 1, 1962, the temporary suspension of duty on personal and household effects brought into the U. S. under Government orders (p. 13271-2). This bill will now be sent to the President.

Passed as reported S. 2857, to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such Act. pp. 13270-1

The Rules Committee reported an open rule for the consideration of H. R. 12383, to amend the Federal Employees' Compensation Act to make benefits more realistic in terms of present wage rates. p. 13347

50. MINERALS. Disagreed to the Senate amendments to H. R. 10455, to amend the Mineral Leasing Act of Feb. 25, 1920, and conferees were appointed (p. 13281). Senate conferees have been appointed.

Began debate on H. R. 8860, to stabilize the mining of lead and zinc by small domestic producers on public, Indian, and other lands (pp. 13282-98). On an objection by Rep. Kyl, the final vote on passage was deferred until Mon., June 27.

51. INDEPENDENT OFFICES APPROPRIATION BILL, 1961. Disagreed to Senate amendments to this bill, H. R. 11776, and conferees were appointed (p. 13281). Senate conferees have been appointed.

52. PUBLIC DEBT. Received the conference report on H. R. 12381, to extend for 1 year the public debt limit and the existing corporate normal-tax rate and certain excise-tax rates (H. Rept. 2005). pp. 13344-6

53. FOREIGN AFFAIRS. The Rules Committee reported an open rule for consideration of H. R. 11001, to provide for the participation of the U. S. in the International Development Association. p. 13347

54. ADJOURNED until Mon., June 27. p. 13347

ITEMS IN APPENDIX

55. FOOD PRICES. Extension of remarks of Rep. Quie inserting an article, "You Can't Blame Farmers for High Food Prices." p. A5453
56. EXPENDITURES; BUDGET. Extension of remarks of Rep. Taber inserting a letter from the Director of the Budget "showing that the new and unnecessary appropriations pending for back door expenditures would if passed exceed the budget by over \$10 billion." pp. A5467-8
57. FOOD FOR PEACE. Extension of remarks of Sen. Keating inserting an editorial expressing support for Vice President Nixon's food-for-peace proposal. p. A5479
Rep. Curtis, Mo., inserted an article, "Where Mr. Nixon Stands." pp. A5437-8
58. FARM LABOR. Sen. Javits inserted a New York City church resolution favoring the enactment of legislation relating to aid to migrant workers and their children. p. A5480
Rep. Gubser inserted an editorial, "The Bracero Story -- Growers Tell Their Side." pp. A5490-1
59. ITEM VETO. Rep. Schwengel inserted two editorials favoring item veto authority for the President. p. A5491
60. FARM PROGRAM. Extension of remarks of Rep. Ullman inserting an article, "Agricultural Abundance An Asset," and stating that it "highlights an aspect of our farm program that is rendering a real service to America and the world." pp. A5456-7
Extension of remarks of Rep. Levering stating that "I believe it is most regrettable that the House failed to approve farm legislation ..." and that "with all the imperfections which it contained, the legislation voted down was at least a step in the right direction ..." pp. A5457-8
Extension of remarks of Rep. Berry discussing the failure of passage of the wheat bill and stating that "American agriculture is sick, not because of American agricultural overproduction, but because of oversupply, and that oversupply has resulted and will continue to result from excessive imports." pp. A5458-60
Rep. Bonner inserted the statement of a Future Farmer of America about the modern farmer. p. A5473
Reps. Rees and Dorn inserted a statement of the American National Cattlemen's Association to be submitted to the platform committees of the Republican and Democratic Parties in their July conventions. pp. A5498-9, A5515
Extension of remarks of Rep. Hoeven stating that "the failure of the House of Representatives to accept the Senate wheat bill fixes the responsibility on the shoulders of the Democratic Members of the House," and inserting an article, "Failure on Wheat." pp. A5499-500
Extension of remarks of Rep. Pillion inserting the tabulated results of replies to his questionnaire, including four questions on agricultural problems. p. A5509
61. TERRITORIES AND POSSESSIONS. Extension of remarks of Rep. Saylor urging Congress to begin thinking about advancing those "few small islands ... left in a non-self-governing status ... to full self-government," and insertion of a report making recommendations on how this might be accomplished. pp. A5500-2



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Senate

The Senate was not in session today. Its next meeting will be held on Monday, June 27, 1960, at 10 o'clock ante meridian.

House of Representatives

SATURDAY, JUNE 25, 1960

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Romans 13:12: *Let us cast off the works of darkness and put on the armour of light.*

Our heavenly Father, as we again assemble for prayer, wilt Thou renew within us a sense of Thy nearness, touching our minds with a clearer insight, a wiser understanding, and a nobler humility.

Help us to keep our hearts sensitive to Thy leading for we are not sufficient to be our own guide and cannot carry on without Thy strength.

May we always put ourselves on the side of faith in Thy mercy and in the triumph of righteousness which we confess we are finding so difficult to do amid the miseries and the hard facts of life.

We earnestly beseech Thee to kindle within the soul of humanity a flame of lofty aspiration that will consume all the gross and cruel passions of selfishness and hatred.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 7966. An act to amend section 601 of title 38, United States Code, to provide for the furnishing of needed services of optometrists to veterans having service-connected eye conditions;

H.R. 10108. An act to authorize reimbursement of certain Veterans' Administration beneficiaries and their attendants for ferry fares, and bridge, road, and tunnel tolls; and

H.R. 10695. An act to provide for the rotation in overseas assignments of civilian employees under the Defense Establishment having career-conditional and career appointments in the competitive civil service, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 816. An act to set aside certain lands in Oklahoma for the Cheyenne and Arapaho Indians;

H.R. 8295. An act to authorize the transfer to the Navajo Tribe of irrigation project works on the Navajo Reservation, and for other purposes; and

H.R. 8315. An act to authorize the Secretary of the Army to lease a portion of Fort Crowder, Mo., to Stella Reorganized Schools R-I, Missouri.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 2399. An act to modernize the laws relating to contracts for the transportation of mail, and for other purposes;

S. 3415. An act to exempt from taxation certain property of the American Association of University Women, Inc., in the District of Columbia;

S. 3450. An act to amend section 22 (relating to the endowment and support of colleges of agriculture and the mechanic arts) of the act of June 29, 1935, to increase the authorized appropriation for resident teaching grants to land-grant institutions;

S. 3557. An act to expand and extend the saline water conversion program under the direction of the Secretary of the Interior to provide for accelerated research, development, demonstration, and application of practical means for the economical production, from sea or other saline waters, of water suitable for agricultural, industrial, municipal, and other beneficial consumptive uses, and for other purposes; and

S.J. Res. 95. Joint resolution to provide for the acceleration of the various reforestation programs of the Department of Agriculture and the Department of the Interior, and for other purposes.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 1752. An act for the relief of Stamatina Kalpaka; and

S. 2443. An act for the relief of Edgar Harold Bradley.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make a point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 154]

Abblitt	Burleson	Frelinghuysen
Addonizio	Cahill	Fulton
Alexander	Canfield	Gallagher
Alford	Carnahan	Garmatz
Alger	Casey	Gary
Anderson,	Celler	Gathings
Mont.	Coffin	Gavin
Anfuso	Collier	Glaimo
Barden	Codley	Gilbert
Barrett	Curtis, Mo.	Granahan
Barry	Daniels	Green, Pa.
Bass, N.H.	Davis, Ga.	Griffin
Becker	Derwinski	Healey
Bennett, Mich.	Dingell	Hobert
Bentley	Donohue	Hess
Blitch	Dorn, N.Y.	Holifield
Boggs	Dorn, S.C.	Ikard
Bolton	Downing	Irwin
Bonner	Dulski	Jackson
Bosch	Durham	Jennings
Bowles	Fallon	Kasam
Brewster	Farbstein	Kastenmeier
Broomfield	Fino	Kelly
Buckley	Fogarty	Keogh
Budge	Fountain	Kilburn
Burdick	Frazier	Kitchin

Knox	Morrison	Schneebell
LaFore	Moulder	Scott
Landrum	Multer	Short
Latta	Mumma	Smith, Va.
Lennon	Nix	Steed
Lesinski	O'Hara, Mich.	Stratton
McFall	O'Neill	Teague, Calif.
McSween	Oliver	Teague, Tex.
Machrowicz	Osmer	Teller
Madden	Philbin	Thompson, La.
Magnuson	Pilcher	Thompson, N.J.
Martin	Rinne	Thornberry
Mason	Powell	Wainwright
Merrow	Preston	Watts
Metcalf	Quigley	Westland
Michel	Reece, Tenn.	Whitener
Miller, N.Y.	Robison	Widnall
Minshall	Rodino	Willis
Monagan	Rogers, Tex.	Wolf
Moore	Roosevelt	Wright
Moorhead	Rostenkowski	Yates
Morgan	St. George	Zelenko
Morris, Oka.	Santangelo	

The SPEAKER. On this rollcall 284 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

DISPOSITION OF CONTRIBUTIONS OF CERTAIN ANNUITANTS UNDER THE CIVIL SERVICE RETIREMENT ACT

Mr. MURRAY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2857) to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such act.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. FORD. Mr. Speaker, reserving the right to object, yesterday when this bill was called on the Consent Calendar I asked that it be passed over for several reasons:

First. It is a somewhat complicated bill, therefore one that ought to be explained to the membership as a whole before being approved unanimously.

Second. I personally feel that since this proposed legislation does affect the retirement program of Members of Congress it ought to also be explained on the floor of the House.

For that reason I have reserved the right to object, and would respectfully request that the distinguished chairman of the Committee on Post Office and Civil Service give the membership an explanation of the proposed legislation.

Mr. MURRAY. Mr. Speaker, being aware of the careful attention always given by the House to legislation which may affect any benefits of Members of Congress, the Committee on Post Office and Civil Service has established the firm policy of very carefully scrutinizing bills of this kind which are referred to the committee.

This policy was followed in the consideration of S. 2857 and the committee amendment thereto. The public hearings on S. 2857 are printed. The official recommendations and advice of the U.S. Civil Service Commission were obtained on all of the provisions of the bill, both as referred to the committee and as re-

ported. A total of four executive sessions were held on the provisions now contained in the committee amendment.

All of the provisions of the reported bill have the unanimous support of the subcommittees concerned and the bill, with the committee amendment—which strikes all after the enacting clause and inserts a new text—was reported unanimously by the committee.

The need for this legislation arises from the fact that the civil service retirement system was not extended to Members of Congress until the enactment of the Legislative Reorganization Act of 1946. The retirement system was established for the great majority of Federal employees 25 years earlier, in 1921.

It is not until an individual Member has served some years under the Retirement Act, and in many cases may be approaching retirement age, that the effect of the act on his rights—and any deficiencies—come to light.

Another important factor is that there is no maximum age limit for service in the Congress, whereas Government employees generally are subject to mandatory retirement at age 70. The provisions and the limitations in the Retirement Act generally are framed in contemplation of the service and retirement conditions applicable to the great majority of Government employees, whereas the situation is unique with respect to Members, who from time to time may complete service many years beyond the age at which Government employees must retire.

This legislation revises certain aspects of the retirement program to apply them more suitably where conditions develop which were not foreseen when the retirement program was extended to Members of Congress in 1946.

The first section of the committee amendment requires that retirement contributions made by any employee or Member after he has served long enough to earn maximum annuity benefits will be applied in liquidation of contributions due for any service during which he did not contribute to the retirement fund. Maximum annuity benefits are 80 percent of high 5-year average salary for an employee and 80 percent of final salary for a Member. If an individual's contributions after reaching the 80-percent maximum are more than enough to cover his noncontributory service, the balance will be deposited in the retirement fund as voluntary contributions to pay for further annuity benefits as now provided by law.

This provision of the committee amendment is more in keeping with the principles of our retirement system than the Senate-passed bill, which provided for cash refund, upon separation, of any excess contributions.

The committee amendment further provides deferred reduced-annuity entitlement at age 50 for Members separated before reaching such age but after completing 20 years of service, including 10 years of Member service; permits annuitants who are reemployed for 5 years to add the reemployed service to their prior service in computing their final

annuity benefits; provides reduced-annuity entitlement, now applicable upon separation (other than by resignation or expulsion) after 20 years of service, to Members who have served in nine or more Congresses; and provides benefits for surviving widows of Members who died between February 29, 1948, and November 4, 1952—as now authorized for widows of Members who died on or after November 4, 1952.

I believe that there will be general agreement on approval of this legislation.

Mr. Speaker, I feel that this is meritorious legislation. It has been well considered by our committee, and I hope it will be approved by the House.

Mr. FORD. Mr. Speaker, will the gentleman yield?

Mr. MURRAY. I yield to the gentleman from Michigan.

Mr. FORD. As I understand, this bill was considered by the subcommittee of the House Committee on Post Office and Civil Service and was unanimously agreed to by that subcommittee.

Mr. MURRAY. That is correct, and also unanimously agreed to by the full committee.

Mr. FORD. I might say that as an objector on the Consent Calendar, I did go into the merits of this legislation, and I believe that it is meritorious. I felt, however, that this explanation, indicating that the full committee as well as the subcommittee had unanimously agreed to this legislation, should be set forth on the floor of the House.

Mr. CORBETT. Mr. Speaker, if the gentleman will yield, it was an amendment in the subcommittee that affected the major portion of this bill. As the bill came from the Senate it provided that all payments into the retirement fund by Members who had achieved the maximum annuity would be returned to them. Our amendment simply provided that the money would not go back to the Member but would be utilized to pay for years of service for which no contribution had been paid; so the action of the full committee and the subcommittee, in conformance with the Civil Service ideas, was to keep the money moving on into the retirement fund, and letting the annuitant credit that money toward the payment for years for which contributions were not made.

Mr. FORD. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 11 of the Civil Service Retirement Act, as amended, is amended by adding at the end thereof a new subsection as follows:

"(h) There shall be refunded to an employee or Member retiring under this Act, or to the survivor of a deceased employee or Member, any amounts deducted and withheld from the basic salary of such employee or Member from the first day of the first month which begins after he shall have performed sufficient service (exclusive of any service

which the employee or Member elects to eliminate for purposes of annuity computation under section 9) to entitle him to the maximum annuity provided by section 9, together with interest on such amounts at the rate of 3 per centum per annum compounded annually from the date of such deductions to the date of retirement or death."

SEC. 2. The amendment made by this Act shall be effective only with respect to employees or Members separated from the service after the date of enactment of this Act.

SEC. 3. Notwithstanding any other provision of law, refunds authorized by the amendment made by this Act shall be paid from the civil service retirement and disability fund.

With the following committee amendment:

Strike out all after the enacting clause and insert: "That (a) section 11 of the Civil Service Retirement Act (5 U.S.C. 2261) is amended by adding at the end thereof a new subsection as follows:

"(h) Any amounts deducted and withheld from the basic salary of an employee or Member from the first day of the first month which begins after he shall have performed sufficient service (exclusive of any service which the employee or Member elects to eliminate for purposes of annuity computation under section 9) to entitle him to the maximum annuity provided by section 9, together with interest on such amounts at the rate of 3 per centum per annum compounded annually from the date of such deductions to the date of retirement or death, shall be applied toward any deposit due under section 4, and any balance not so required shall be deemed to be a voluntary contribution for the purposes of section 12."

"(b) The amendment made by subsection (a) of this section shall be effective only with respect to employees or Members separated from the service after the date of enactment of this Act.

"SEC. 2. (a) Section 8(b) of the Civil Service Retirement Act (5 U.S.C. 2258(b)) is amended by adding at the end thereof the following new sentence: 'Any Member who is separated from the service after completing twenty or more years of service (including ten or more years of Member service) may be paid a reduced annuity beginning at the age of fifty years, computed as provided in section 9'.

"(b) Section 9(d) of the Civil Service Retirement Act (5 U.S.C. 2259(d)) is amended by inserting, immediately following 'section 6(f)', the following: 'or the third sentence of section 8(b)'.

"SEC. 3. (a) Section 13(b) of the Civil Service Retirement Act (5 U.S.C. 2263(b)) is amended by adding at the end thereof the following sentence: 'Any such annuitant whose described employment continues for at least five years may elect, in lieu of the benefit authorized by the proviso herein, to have his rights redetermined under the provisions of this Act upon deposit in the fund of an amount computed under section 4(c) covering such employment.'

"(b) The third sentence of section 6(f) of the Civil Service Retirement Act (5 U.S.C. 2256(f)) is amended by striking out 'and completes twenty years of service' and inserting in lieu thereof 'and (1) completes twenty years of service or (2) shall have served in nine Congresses'.

"SEC. 4. (a) Section 603(d)(1)(B) of the Legislative Reorganization Act of 1946, as amended (5 U.S.C. 724) is hereby amended by striking out 'November 4, 1952' and inserting in lieu thereof 'February 29, 1948'.

"(b) No annuity shall be payable by reason of the amendment made by subsection (a) of this section for any period prior to the first day of the month in which this Act is enacted.

"SEC. 5. Notwithstanding any other provision of law, benefits under the Civil Service Retirement Act resulting from the enactment of this Act shall be paid from the civil service retirement and disability fund."

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "An act to amend the Civil Service Retirement Act so as to provide for disposition of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such act, and for other purposes."

A motion to reconsider was laid on the table.

IMPORT DUTIES ON CERTAIN COARSE WOOL

Mr. FORAND. Mr. Speaker, I call up the conference report on the bill (H.R. 9322) to make permanent the existing suspension of duties on coarse wool, and I ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 16, 1960.)

Mr. FORAND. Mr. Speaker, as passed by the House the bill, H.R. 9322, would make permanent the existing suspension of duties on certain coarse wools imported under bond for use in the manufacture of rugs and carpets and certain other products, would add papermakers' felts to such list of products, and would provide that the standards for determining grades of wools are to be those established from time to time by the Secretary of Agriculture pursuant to law.

The Senate amendment would have limited the suspension of duties under the bill to the period ending June 30, 1963. In conference, the House version prevailed and the Senate receded, so that under the conference agreement the suspension of duties is made permanent.

Mr. BYRNES of Wisconsin. Mr. Speaker, the House approved version of H.R. 9322 provided for a permanent suspension of import duties on certain coarse wools brought into the United States under bond. The types of wools on which the duty would be suspended are those of a grade that are used in the manufacture of rugs and carpets, in the manufacture of papermakers' felts, and in the manufacture of certain other products. The House bill also authorized the Secretary of Agriculture to establish modern standards for determining grades of wool.

During the Senate committee consideration of the bill an amendment was approved changing the period of the suspension from a permanent suspension to a suspension of a duration of 3 years until the close of June 30, 1963. In the House-Senate conference on the bill the Senate agreed to the House version so

that the conference report now before the House will provide for the provisions as I have briefly described them in connection with outlining the earlier House action.

I have joined in urging my colleagues to support the adoption of the conference report.

Mr. FORAND. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. BYRNES] and I have permission to extend our remarks in the RECORD prior to action on each of the conference reports I shall call up today.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. BAILEY. Mr. Speaker, will the gentleman yield?

Mr. FORAND. I yield to the gentleman from West Virginia.

Mr. BAILEY. Mr. Speaker, I asked some pertinent questions on this bill when it passed the House some 2 months ago. I was satisfied sufficiently not to raise an objection; but I find that this is a permanent extension, not of the Reciprocal Trade Agreements Act but a permanent extension of the basic Smoot-Hawley Act. I should like to ask the gentleman from Rhode Island, who is a member of the Committee on Ways and Means, this question. Two years ago this past February, the Federal Power Commission entered an order in the nature of a certificate of convenience permitting certain Canadian gas interests, with American capital, operating in Canada, to have the privilege of constructing an 18-inch gasline to Butte, Mont., for the purpose of supplying the Anaconda Copper Mills with fuel. The next day after the Federal Power Commission ruling, I introduced a bill, declaring natural gas to be a liquid fuel subject to import duty. That bill went to the Committee on Ways and Means. I have been unable to get any action by the Committee on Ways and Means in either the 85th or the 86th Congresses. I reintroduced the bill in this session of Congress. I have received not even a promise that a hearing would be held. Let me say further, Mr. Speaker, that under the terms of the reciprocal trade agreement we have with Canada, every ton of coal produced in the State of West Virginia or any other State that ships into Canada has to pay 50 cents on each ton before we can offer the coal for sale. There are millions of cubic feet of liquid gas coming into this country today on the free list and yet I cannot get any action out of the Committee on Ways and Means to amend the basic tariff law. I resent this discrimination against one of our basic fuels.

I thank the gentleman for this time.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

TEMPORARY SUSPENSION OF DUTY ON CERTAIN PERSONAL AND HOUSEHOLD EFFECTS

Mr. FORAND. Mr. Speaker, I call up the conference report on the bill (H.R. 9881) to extend for 2 years the existing

provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of June 16, 1960.)

Mr. FORAND. Mr. Speaker, as passed by the House the bill, H.R. 9881, would provide for a 2-year extension, to July 1, 1962, of the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders.

The Senate approved the 2-year extension of these provisions, but added a new section to the bill under which the exemption from duties would be applied, for a person or members of his family, up to but not exceeding in aggregate value \$5,000, and would not be allowed in the case of an assignment of less than 6 months.

Under the conference agreement, the House version prevailed and the Senate receded. However, as is stated in the statements of the managers, it is the understanding and intention of the conferees that during the 2-year extension period provided by the bill the departments and agencies charged with the responsibility of administering and policing the law will so administer it as to safeguard against any possible abuses of the duty-suspension privilege and will, if necessary, issue appropriate regulations to insure stricter administration of the law; and that such departments and agencies will submit information to the Committee on Ways and Means and the Committee on Finance, not later than January 15, 1962, with respect to the operation and administration of the law, including a statement of actions taken to improve its administration and recommendations for any statutory changes or limitations which may be necessary in order to effect adequate safeguards against abuses.

Mr. BYRNES of Wisconsin. Mr. Speaker, H.R. 9881 as passed by the House provided for a 2-year extension, through June 30, 1962, of the provisions of existing law relating to the free importation of personal and household effects brought into the United States under Government orders. At the time this legislation was under consideration in the House it was brought to the attention of the membership that this duty-free privilege is an important morale inducement to oversea service made necessary by the continued presence in many parts of the world of members of the Armed Forces of the United States.

The Senate adopted an amendment providing that the duty-free privilege would apply only to articles valued in aggregate at not more than \$5,000 and

would be allowed only when the foreign assignment involved was for 6 months or longer. During the House-Senate conference the Senate receded.

In taking this action the conferees made it clear that during the 2-year extension period provided under the bill the departments and agencies charged with the responsibility of administering the privilege will exercise diligence to safeguard against any possible abuses of the privilege and will issue any necessary regulations to insure stricter administration of the law. The conferees also expressed the intention that the departments and agencies concerned with the administration of this privilege will submit information to the Congress not later than January 15, 1962, with respect to the operation and administration of the law. Such reports will include a description of actions taken to improve the administration of this program as well as recommendations for any statutory changes or limitations which may be necessary to effect adequate safeguards against abuses.

Mr. Speaker, it is appropriate that the House membership should act to approve the conference report on H.R. 9881.

The conference report was agreed to.

A motion to reconsider was laid on the table.

SUSPENSION OF IMPORT DUTIES ON CERTAIN SHOE LATHES AND CASEIN

Mr. FORAND. Mr. Speaker, I call up the conference report on the bill (H.R. 9862) to continue for 3 years the existing suspension of duties on certain lathes used for shoe last roughing or for shoe last finishing; and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 16, 1960.)

Mr. FORAND. Mr. Speaker, as passed by the House the bill (H.R. 9862) provided a 2-year extension, to August 7, 1962, of the existing suspension of duties on copying lathes used for making rough or finished shoe lasts from models of shoe lasts and capable of producing more than one size shoe last from a single size model of a shoe last.

The Senate approved the provisions of the House bill, but added a new section continuing for 3 years, to the close of June 30, 1963, the existing suspension of duty on casein and lactarene, subject to the limitation contained in subsection (b) of the new section that this suspension of duty would not apply to casein imported for use for human food or for conversion to such use, such limitation to apply, subject to such regulations as the Secretary of the Treasury might prescribe, to imports entered for consumption or withdrawn from warehouse for

consumption after the expiration of 30 days following the date of enactment of the bill.

Under the conference agreement, the new section providing a 3-year continuation of the suspension of duty on casein and lactarene is retained in the bill. However, under the conference agreement subsection (b) of the new section provides, as a substitute for the limitation contained in the Senate-passed version, that the suspension of duty is not to apply with respect to sodium caseinate, sodium phosphocaseinate, or other caseinates, any of the foregoing of which casein or lactarene is the component material of chief value.

Mr. BYRNES of Wisconsin. Mr. Speaker, the House-passed version of H.R. 9862 continued for a period of 2 years through August 6, 1962, the existing suspension of duties on certain lathes used in shoe manufacture.

The Senate added an amendment to this legislation continuing the temporary suspension of the duties on imported casein until the close of June 30, 1963.

It will be recalled that in 1957 the Congress adopted a provision providing for the free importation of casein from September 3, 1957, to the close of March 31, 1960. On August 10, 1959, the Committee on Ways and Means unanimously reported a bill, H.R. 7456, continuing this suspension for an additional 3 years. This legislation passed the House of Representatives under unanimous consent on August 18, 1959. On January 13, 1960, the Senate Committee on Finance approved this legislation as it passed the House. Subsequent to this action which took several months, opposition to the bill was first made known, and the Senate Finance Committee report on H.R. 9862 indicates that a request was made to the Senate Finance Committee to allow time for a hearing without causing the then existing suspension to lapse, a floor amendment was approved in the Senate to H.R. 7456 providing the continuation of the suspension from April 1, 1960, to June 30, 1960. Then the requested hearing was held and following the hearing the Finance Committee acted to add a casein amendment to the bill, H.R. 9862. It is the conference report on this bill that is now before the House.

The House-Senate conferees met on H.R. 9862 against a background of both the House and the Senate having given approval to 3-year suspensions of the duty on casein. In view of that legislative background the House conferees accepted the Senate amendment providing for the suspension of the duty on casein for 3 additional years through June 30, 1963.

It is appropriate for the House to accept the conference report on H.R. 9862.

The conference report was agreed to.

A motion to reconsider was laid on the table.

RESERVE COMMISSIONED OFFICERS OF THE ARMED FORCES

Mr. RIVERS of South Carolina. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

Issued July 1, 1960
For actions of June 30, 1960
86th-2d, No. 122

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HIGHLIGHTS: House passed: Sugar bill; bill to amend Fair Labor Standards Act. House agreed to conference report on general Government matters appropriation bill. House received conference report on independent offices appropriation bill. House received veto message on pay bill. Senate agreed to concurrent resolution for adjournment July 2-Aug. 8. Senate agreed to House amendments to color additives bill. Senate passed State-Justice-Judiciary appropriation bill. Senate passed bill to increase maximum per diem allowances. Senate committee reported nomination of Stephens to OGC. Sen. Magnuson introduced and discussed bill to provide for development of forest roads and trails.

SENATE

1. COLOR ADDITIVES. Concurred in the House amendments to S. 2197, to protect the public health by amending the Federal Food, Drug, and Cosmetic Act so as to authorize the use of suitable color additives in or on foods, drugs, and cosmetics, in accordance with regulations prescribing the conditions (including maximum tolerances) under which such additives may be safely used. This bill will now be sent to the President. pp. 14059-63
70-10,
2. APPROPRIATIONS. Passed/with amendments H. R. 11666, the State, Justice, Judiciary appropriation bill. Senate conferees were appointed. House conferees have not yet been appointed. pp. 14064-78
Agreed to, 82-4, the conference report on H. R. 11998, the defense appropriation bill, and acted on amendments in disagreement. This bill will now be sent to the President. pp. 14024-35 (See item 19 for House action).

3. TRAVEL. Passed as reported H. R. 5196, which provides as follows: Increases the maximum per-diem allowance for Government employees traveling on official business from \$12 to \$15. Permits reimbursement for cost of parking when incurred by Federal employees in use of private vehicles when on official business. Provides for transfer of authority from the Budget Bureau to the President or his delegate for establishing the per diem rates for civilian employees traveling beyond the limits of the continental U. S. p. 14063
4. TRANSPORTATION. Concurred in the House amendment to S. 1509, to provide "grandfather rights" for certain Alaskan and Hawaiian carriers and freight forwarders. This bill will now be sent to the President. p. 14023
5. RETIREMENT. Concurred in the House amendments to S. 2857, to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such act. This bill will now be sent to the President. pp. 14035-6
6. VETERANS' LOANS. Passed without amendment H. R. 7903, to extend for 2 years the veterans' guaranteed and direct loan program. This bill will now be sent to the President. pp. 14045-6, 14051-3, 14058
7. NOMINATION of Carl J. Stephens, to be General Counsel of this Department, was reported by the Agriculture and Forestry Committee. p. 13990
8. WHEAT. Sen. Carlson inserted and discussed his letter to Secretary Benson recommending a research project on "the relation of wheat to the rest of the economy through all the stages of growing, transporting, storing, distributing, milling, processing and wholesaling and retailing." p. 13986
9. MIGRATORY LABOR. Sen. Kennedy inserted a speech by Sen. Harrison describing the work of his Subcommittee on Migratory Labor. pp. 14010-12
10. FLOOD CONTROL. Sen. Hartke spoke in favor of S. 3625, to establish a Wabash Basin Interagency Water Resources Commission. pp. 14021-2
11. FARM PROGRAM. Sen. Humphrey inserted and discussed his newsletter and a newspaper article criticizing the administration's farm program. pp. 14042-4
12. NATURAL RESOURCES. Sen. Humphrey inserted Izaak Walton League resolutions regarding water and air pollution, management of public lands, Columbia River Basin, shoreline conservation, pesticides coordination, Lake Okeechobee flood control, roads in Superior National Forest, prospecting in Jefferson National Forest, etc. pp. 14038-41
13. LEGISLATIVE PROGRAM. Agreed to, without amendment, 63-26, S. Con. Res. 112, providing "That the two Houses shall adjourn on Saturday, July 2, 1960, and that when they adjourn on said day they stand adjourned until 12 o'clock noon on Monday, August 8, 1960." pp. 13973-89
Sen. Johnson announced that the Senate will consider the veto of the pay bill today, July 1, if the House votes to override. p. 14083

The Senator from Pennsylvania [Mr. SCOTT] is absent on official business.

The Senator from Kentucky [Mr. COOPER] is necessarily absent.

The Senator from New Hampshire [Mr. BRIDGES] is detained on official business.

If present and voting, the Senator from New Hampshire [Mr. BRIDGES], the Senator from Kentucky [Mr. COOPER], and the Senator from Pennsylvania [Mr. SCOTT] would each vote "yea."

The result was announced—yeas 82, nays 4, as follows:

[No. 268]
YEAS—82

Alken	Engle	Magnuson
Allott	Ervin	Mansfield
Anderson	Fong	Morse
Bartlett	Frear	Morton
Beall	Goldwater	Moss
Bennett	Gore	Mundt
Bible	Hartke	Muskie
Brunsdale	Hayden	Pastore
Bush	Hickenlooper	Prouty
Butler	Hill	Proxmire
Byrd, Va.	Holland	Randolph
Byrd, W. Va.	Hruska	Robertson
Cannon	Jackson	Russell
Capehart	Javits	Saltonstall
Carlson	Johnson, Tex.	Schoeppel
Carroll	Johnston, S.C.	Smathers
Case, N.J.	Jordan	Smith
Case, S. Dak.	Keating	Sparkman
Chavez	Kerr	Stennis
Church	Kuchel	Talmadge
Cotton	Lausche	Thurmond
Curtis	Long, Hawaii	Wiley
Dirksen	Long, La.	Williams, Del.
Dodd	Lusk	Williams, N.J.
Douglas	McCarthy	Young, N. Dak.
Dworshak	McClellan	Young, Ohio
Eastland	McGee	
Ellender	McNamara	

NAYS—4

Clark	Gruening	Hart
Green		

NOT VOTING—14

Bridges	Kefauver	O'Mahoney
Cooper	Kennedy	Scott
Fulbright	Martin	Symington
Hennings	Monroney	Yarborough
Humphrey	Murray	

So the report was agreed to.

The PRESIDING OFFICER (Mr. Moss in the chair) laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 11998, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U.S.

June 30, 1960

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 17, 51, and 52 to the bill (H.R. 11998) entitled "An act making appropriations for the Department of Defense for the fiscal year ending June 30, 1961, and for other purposes," and concur therein;

That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "\$174,686,000".

That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "\$4,243,398,000".

That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with an amendment, as follows: In line 1 of said amendment, strike out "534" and insert "535".

Mr. CHAVEZ. Mr. President, I move that the Senate concur in the amend-

ments of the House to the amendments of the Senate Nos. 26, 28, and 58.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New Mexico.

The motion was agreed to.

Mr. BARTLETT subsequently said: Mr. President, I voted for the conference report on the Defense Department appropriation bill despite the fact that I am in substantial agreement with the Senator from Missouri [Mr. SYMINGTON] and those who joined with him during the debate on the conference report. I am far from convinced that in the area of defense we are making the effort that these times and these circumstances should demand. We are expending on this proposition of national survival too little of our national product, in my opinion. Quite obviously, it seems to me, our national military strength does not equate with our national commitments. I thought this to be glaringly apparent when in the Far East in 1959. And there, as in other areas, the situation has deteriorated instead of being improved during the intervening months.

We are strong enough, we are rich enough, we are vigorous enough, we are imaginative enough to do whatever requires doing so that no potential aggressor will see fit to tackle us. But in these times—and for the first time in history—there will not be opportunity for us to prepare after the fighting starts if, unhappily, it should start. We must be in an immediate state of readiness.

Mr. President, I voted for the conference report despite the really alarming announcement yesterday that the Air Force has decided to close out one of its three operational bases in Alaska. Not long ago the Air Force disclosed an intention to strengthen the fighter-interceptor squadron at Ladd Air Force Base, near Fairbanks. A few weeks later the decision was completely reversed, and announcement was made that the squadron was to be withdrawn entirely. My Alaska colleagues, the junior Senator [Mr. GRUENING] and the Representative in the House, Mr. RIVERS, and I protested this decision, but unavailingly. There was no remote hint then when we met with responsible civilian and military officials in the Department of Defense that more of a cut at Ladd than this was being planned. It must have been under most serious consideration then, and for all I know was even made at that time. I think it is shocking, no less, that the elected representatives of the people are not even informed of such impending events. But more serious by far is the fact that this strategic area is now being so substantially weakened in a military way. The lowered guard we shall now offer is dangerous, dangerous not only for Alaska and Alaskans, but for all the other States and their citizens. No matter what is said, Mr. President, and no matter how loudly, I remain unshaken in a belief that the closing of Ladd Air Force Base is essentially budgetary. That is putting too high a value on dollars. Dollars are vital to the purchase of security. Security is more important than dollars.

However, Mr. President, I am quite aware of the fact that the Congress cannot execute laws. The Congress cannot well instruct the Air Force to keep a base here, there, or the next place. And I am very well aware of the additional fact, Mr. President, that the senior Senator from New Mexico [Mr. CHAVEZ] and his colleagues worked hard on this bill over a period of months. I wish there were money in the bill for Ladd—and, indeed, I believe the Air Force could and should take it from the funds we appropriate today. And I believe that our Army units in the Far East should be strengthened and that our capacity to airlift troops should be enlarged. All of this will be expensive. Congress has to have cooperation from the executive department not only in making available needed defense funds but in informing the country of the need. We face a future, Mr. President, when we may have to make heavy sacrifices. None can be too great for us to hear if they mean that we shall preserve for ourselves and our children that which we have. Very sincerely I fear that there is less surety of that than there ought to be when, for example, a great airbase in Alaska, so close to the Russian threat, is abandoned when our relationship with the people so close to Alaska across Bering Strait has deteriorated so alarmingly.

Once again, I wish to express gratitude to the members of the committee for their work, their devotion, and their dedication and to express a wish—that next year they will have before them a military budget completely realistic in terms of the peril we face.

AMENDMENT OF CIVIL SERVICE RETIREMENT ACT TO PROVIDE CERTAIN REFUNDS OF CONTRIBUTIONS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the unfinished business may be temporarily laid aside and that the Senate proceed to the consideration of the amendments of the House of Representatives to S. 2857.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The PRESIDING OFFICER (Mr. McGEE in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 2857) to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such act, which were, to strike out all after the enacting clause and insert:

That (a) section 11 of the Civil Service Retirement Act (5 U.S.C. 2261) is amended by adding at the end thereof a new subsection as follows:

"(h) Any amounts deducted and withheld from the basic salary of an employee or Member from the first day of the first month which begins after he shall have performed sufficient service (exclusive of any service which the employee or Member elects to

eliminate for purposes of annuity computation under section 9) to entitle him to the maximum annuity provided by section 9, together with interest on such amounts at the rate of 3 per centum per annum compounded annually from the date of such deductions to the date of retirement or death, shall be applied toward any deposit due under section 4, and any balance not so required shall be deemed to be a voluntary contribution for the purposes of section 12."

(b) The amendment made by subsection (a) of this section shall be effective only with respect to employees or Members separated from the service after the date of enactment of this Act.

SEC. 2. (a) Section 8(b) of the Civil Service Retirement Act (5 U.S.C. 2258(b)) is amended by adding at the end thereof the following new sentence: "Any Member who is separated from the service after completing twenty or more years of service (including ten or more years of Member service) may be paid a reduced annuity beginning at the age of fifty years, computed as provided in section 9".

(b) Section 9(d) of the Civil Service Retirement Act (5 U.S.C. 2259(d)) is amended by inserting, immediately following "section 6(f)", the following: "or the third sentence of section 8(b)".

SEC. 3. (a) Section 13(b) of the Civil Service Retirement Act (5 U.S.C. 2263(b)) is amended by adding at the end thereof the following sentence: "Any such annuitant whose described employment continues for at least five years may elect, in lieu of the benefit authorized by the proviso herein, to have his rights redetermined under the provisions of this Act upon deposit in the fund of an amount computed under section 4(c) covering such employment."

(b) The third sentence of section 6(f) of the Civil Service Retirement Act (5 U.S.C. 2256(f)) is amended by striking out "and completes twenty years of service" and inserting in lieu thereof "and (1) completes twenty years of service or (2) shall have served in nine Congresses".

SEC. 4. (a) Section 603(d)(1)(B) of the Legislative Reorganization Act of 1946, as amended (5 U.S.C. 724), is hereby amended by striking out "November 4, 1952" and inserting in lieu thereof "February 29, 1948".

(b) No annuity shall be payable by reason of the amendment made by subsection (a) of this section for any period prior to the first day of the month in which this Act is enacted.

SEC. 5. Notwithstanding any other provision of law, benefits under the Civil Service Retirement Act resulting from the enactment of this Act shall be paid from the civil service retirement and disability fund.

And to amend the title so as to read: "An act to amend the Civil Service Retirement Act so as to provide for disposition of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such Act, and for other purposes."

Mr. JOHNSON of Texas. Mr. President, I understand the House has amended the bill. The Senator from Delaware [Mr. WILLIAMS] is an expert in this field. I yield the floor to him.

Mr. WILLIAMS of Delaware. Mr. President, at the time the bill passed the Senate, I opposed it on the basis that it would establish an entirely new principle in the retirement field. The House in amending the bill has improved the situation somewhat, but I still think it embraces the same proposition. For that reason, I shall not support the conference report.

The new principle is one of refunding to the retiree the amount of his con-

tributions which are paid in after he has established his maximum eligibility. The Civil Service Commission also opposed the bill for this reason. If this principle were carried through on the entire civil service retirement systems, it would inevitably bankrupt the retirement fund.

As it is this bill applies only to Members of Congress and legislative employees.

Likewise, if the same principle were extended to social security its cost would be prohibitive, because under both systems the contributors must pay into the retirement fund as long as they work. For instance, under social security it is necessary to establish a minimum number of quarters—6 quarters at a certain age, 20 quarters at another age, 40 quarters at another age; it varies as to what the age might be. But once the person has established that eligibility by paying into the fund for the minimum number of quarters, he is not relieved of the requirement to pay into the system as long as he works.

We establish the same rule for all civil service employees—who are under the civil service retirement fund.

This bill contains a special provision to exempt only Members of Congress and our employees from these payments. I think in principle the provision is wrong. While I know the House has modified the provision somewhat, I desire to have the RECORD show that I still oppose the bill.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate concur in the amendments of the House.

The motion was agreed to.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate reconsider the vote by which it concurred in the amendments of the House.

Mr. SMATHERS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF BUSINESS

Mr. JOHNSON of Texas. Mr. President, I desire Senators to be on notice that it is intended to call up the conference report on the Department of Defense appropriation bill. Before the conference report is considered, there will be a live quorum.

HEALTH CARE FOR THE AGED

Mr. MORSE. Mr. President, a letter addressed to the entire Democratic Congress was delivered to my office because it came from Portland, Oreg. The writer, Mr. H. D. Smith, has addressed to the Democratic Congress his views on health care for the aged. So that all Senators may have an opportunity to know his views, I ask unanimous consent that his letter be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

PORTLAND, OREG., June 24, 1960.
Democratic Congress.

Gentlemen: Why aren't we doing something about the condition our pensioners and low-income groups are in?

The health bill that is coming up before you is inadequate and a disgrace.

The Government has permitted prices to rise and the hospitals to charge prices far beyond the pocketbooks of the low-income groups, much less the people on pensions.

We have wasted money in China (under Chiang), Rhee in Korea, Batista in Cuba, and not a cent of the money helped the little people as it should have.

That is why we are in trouble now.

We give to those who don't need help but refuse to help those who really need it.

Medical care should not be in the form of charity.

The Government and high prices have robbed the elderly people of their little nest-eggs. Now the least the Government can do is give them medical care to ease their pain while they try to exist on our so-called, social security.

Very sincerely,

H. D. SMITH.

SELF-EMPLOYED INDIVIDUALS TAX RETIREMENT ACT

Mr. MORSE. Mr. President, in addition to the objections which have been raised to House bill 10 by the Senator from Illinois [Mr. DOUGLAS], the Senator from Louisiana [Mr. LONG], and the Senator from Minnesota [Mr. MCCARTHY], in their minority views, a number of communications which I have received from Oregon express opposition to certain sections of the Finance Committee's version of House bill 10, on the ground that they are discriminatory against small business.

I gather that insurance companies are objecting to the requirement that there be a bank trusteeship over any pension plan covering self-employed or corporate owner-employees, but not the big corporations.

In fact, the owner-employee type of corporation is alleged to be discriminated against in several sections of the committee bill.

The objections to H.R. 10 in the minority report boil down to the claim that the bill creates a much bigger loophole than it closes. It permits exclusion from tax of 10 percent of income, up to \$2,500 a year, if it is invested in a retirement fund, for the self-employed and for partners.

The tax would be paid when the individual retired and began drawing on the fund.

But, as the Senator from Illinois points out, the individual would be paying tax on a much lower income, and, therefore, at a lower rate. For employees now covered by regular pension systems, he pays a full tax on the amount he himself contributes to the pension fund, but not on the contribution of his employer, also deductible for the employer. He does pay on the latter when he draws his pension; and, of course, it is at a lower rate.

But most blue-collar workers do not stay on one job for the 30 or 40 years necessary to qualify for its retirement plan, whereas most executives do stay longer with one firm, particularly if they are part owners of it.

The Senator from Illinois states that it would be better to tax the individual currently for the contributions to his retirement made by his employers, rather than make the loophole much wider.

Public Law 86-622
86th Congress, S. 2857
July 12, 1960

AN ACT

To amend the Civil Service Retirement Act so as to provide for disposition of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 11 of the Civil Service Retirement Act (5 U.S.C. 2261) is amended by adding at the end thereof a new subsection as follows:

Civil Service
Retirement Act,
amendment.
70 Stat. 755.

“(h) Any amounts deducted and withheld from the basic salary of an employee or Member from the first day of the first month which begins after he shall have performed sufficient service (exclusive of any service which the employee or Member elects to eliminate for purposes of annuity computation under section 9) to entitle him to the maximum annuity provided by section 9, together with interest on such amounts at the rate of 3 per centum per annum compounded annually from the date of such deductions to the date of retirement or death, shall be applied toward any deposit due under section 4, and any balance not so required shall be deemed to be a voluntary contribution for the purposes of section 12.”

(b) The amendment made by subsection (a) of this section shall be effective only with respect to employees or Members separated from the service after the date of enactment of this Act.

74 STAT. 409.

SEC. 2. (a) Section 8(b) of the Civil Service Retirement Act (5 U.S.C. 2258(b)) is amended by adding at the end thereof the following new sentence: “Any Member who is separated from the service after completing twenty or more years of service (including ten or more years of Member service) may be paid a reduced annuity beginning at the age of fifty years, computed as provided in section 9”.

74 STAT. 410.

(b) Section 9(d) of the Civil Service Retirement Act (5 U.S.C. 2259(d)) is amended by inserting, immediately following “section 6(f)”, the following: “or the third sentence of section 8(b)”.

SEC. 3. (a) Section 13(b) of the Civil Service Retirement Act (5 U.S.C. 2263(b)) is amended by adding at the end thereof the following sentence: “Any such annuitant whose described employment continues for at least five years may elect, in lieu of the benefit authorized by the proviso herein, to have his rights redetermined under the provisions of this Act upon deposit in the fund of an amount computed under section 4(c) covering such employment.”

(b) The third sentence of section 6(f) of the Civil Service Retirement Act (5 U.S.C. 2256(f)) is amended by striking out “and completes twenty years of service” and inserting in lieu thereof “and (1) completes twenty years of service or (2) shall have served in nine Congresses”.

SEC. 4. (a) Section 603(d)(1)(B) of the Legislative Reorganization Act of 1946, as amended (5 U.S.C. 724), is hereby amended by striking out “November 4, 1952” and inserting in lieu thereof “February 29, 1948”.

68 Stat. 21.

(b) No annuity shall be payable by reason of the amendment made by subsection (a) of this section for any period prior to the first day of the month in which this Act is enacted.

SEC. 5. Notwithstanding any other provision of law, benefits under the Civil Service Retirement Act resulting from the enactment of this Act shall be paid from the civil service retirement and disability fund.

Approved July 12, 1960.

